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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

HIGHLIGHTS

- The Group's revenue amounted to approximately HK$237.0 million for the six months ended 30 September 2023, representing an increase of approximately HK$25.1 million or 11.8% as compared to approximately HK$211.9 million for the six months ended 30 September 2022.

- Loss attributable to the owners of the Company was approximately HK$13.1 million for the six months ended 30 September 2023 (six months ended 30 September 2022: profit of approximately HK$3.4 million).

- The Board does not declare the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

FINANCIAL RESULTS

The Board of Directors (the "Board") of Miricor Enterprises Holdings Limited (the "Company") is pleased to announce the interim unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 September 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2023

	Notes	**Six months ended 30 September 2023 HK$'000 (Unaudited)**	2022 *HK$'000* (Unaudited)
REVENUE	*4*	**237,010**	211,900
Other income	*4*	**2,724**	7,002
Cost of inventories and consumables		**(27,009)**	(18,985)
Staff costs		**(91,520)**	(82,392)
Property rentals and related expenses		**(34,917)**	(35,872)
Depreciation of property, plant and equipment		**(20,868)**	(21,702)
Other expenses, net		**(79,496)**	(53,899)
Finance costs		**(2,558)**	(1,741)
PROFIT/(LOSS) BEFORE TAX	*5*	**(16,634)**	4,311
Income tax credit/(expense)	*6*	**3,584**	(900)
PROFIT/(LOSS) FOR THE PERIOD		**(13,050)**	3,411
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(138)**	(102)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		**(13,188)**	3,309
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**HK(3.26) cents**	HK0.85 cent

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	**30 September 2023** *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**89,587**	101,075
Right-of-use assets		**102,929**	109,304
Deposits		**26,330**	15,460
Deferred tax assets		**21,240**	17,643
Total non-current assets		**240,086**	243,482
CURRENT ASSETS			
Inventories		**46,192**	38,194
Trade receivables	*9*	**19,271**	18,077
Prepayments, deposits, other receivables and other assets		**43,554**	34,013
Tax recoverable		**3,720**	3,720
Pledged time deposits		**62,432**	62,414
Cash and cash equivalents		**97,784**	116,911
Total current assets		**272,953**	273,329
CURRENT LIABILITIES			
Trade payables	*10*	**12,965**	10,544
Other payables and accruals		**17,950**	21,300
Contract liabilities and deferred revenue		**200,102**	182,048
Interest-bearing bank borrowings		**15,840**	19,170
Lease liabilities		**43,383**	44,467
Tax payable		**5,430**	5,417
Provision for reinstatement costs		**2,052**	3,619
Total current liabilities		**297,722**	286,565
NET CURRENT LIABILITIES		**(24,769)**	(13,236)
TOTAL ASSETS LESS CURRENT LIABILITIES		**215,317**	230,246

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2023

	30 September 2023 *HK$'000* **(Unaudited)**	31 March 2023 *HK$'000* (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**62,088**	66,639
Provision for reinstatement costs	**12,559**	9,749
Deferred tax liabilities	**3,145**	3,145
Total non-current liabilities	**77,792**	79,533
Net assets	**137,525**	150,713
EQUITY		
Issued capital	**4,000**	4,000
Reserves	**133,525**	146,713
Total equity	**137,525**	150,713

NOTES

1. CORPORATE INFORMATION

Miricor Enterprises Holdings Limited (the "Company") 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 period, 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 interim condensed consolidated financial information of the Group for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2023.

The interim condensed consolidated financial information has been prepared under the historical cost convention. The financial information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 April 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 April 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 April 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 April 2022, if any. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**215,069**	203,124
Mainland China	**21,941**	8,776
	237,010	211,900

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

(b) Non-current assets

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**198,800**	210,051
Mainland China	**3,509**	2,935
	202,309	212,986

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 10% or more of the Group's total revenue during the six months ended 30 September 2023 and 2022, no information about major customers is presented.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Treatment services	**176,335**	153,569
Skincare products	**60,631**	58,120
Medical consultation services	**6**	4
Prescription and dispensing of medical products	**38**	207
	237,010	211,900

An analysis of other income is as follows:

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**2,437**	204
Government subsidies*	**–**	6,678
Others	**287**	120
	2,724	7,002

* Government subsidies mainly represent subsidies granted by the Government of the Hong Kong Special Administrative Region under the anti-epidemic fund. There were 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):

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**20,868**	21,702
Depreciation of right-of-use assets	**25,095**	22,513
Lease payments not included in the measurement of lease liabilities	**4,528**	7,881
Foreign exchange differences, net	**(601)**	(258)
Impairment of trade receivables, net	**39**	67

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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%).

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	**13**	923
Deferred	**(3,597)**	(23)
Total tax charge/(credit) for the period	**(3,584)**	900

7. DIVIDEND

The board of directors of the Company does not declare the payment of an interim dividend in respect of the six months ended 30 September 2023 (six months ended 30 September 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 period attributable to ordinary equity holders of the Company of HK$13,050,000 (six months ended 30 September 2022: profit of HK$3,411,000), and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 September 2022: 400,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2023 and 2022.

9. TRADE RECEIVABLES

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**19,907**	18,674
Impairment	**(636)**	(597)
	19,271	18,077

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:

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**12,817**	13,331
1 to 3 months	**5,589**	4,032
Over 3 months	**865**	714
	19,271	18,077

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:

	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**12,965**	10,544

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 six months ended 30 September 2023 (the "Period Under Review"), despite containment of the COVID-19 pandemic and resumption of economic activities in an orderly manner, there were still uncertainties such as rising inflationary pressures, contractionary monetary policies and tightening credit conditions around the globe. Under this backdrop, Hong Kong's economy recovered at a slower than expected pace, and thus the operating environment remained challenging.

Nevertheless, overall business performance of the Group remained stable during the Period Under Review. The Group's revenue increased by HK$25.1 million or 11.8% to HK$237.0 million as compared to the six months ended 30 September 2022 (the "Previous Period"), showing customers' appreciation and support for the Group's brands and the quality of its services and products.

During the Period Under Review, the Group further extended its footprint of the premium skincare brand XOVĒ into the Mainland market. This resulted in an increase in marketing and other expenses and hence the Group recorded a loss of approximately HK$13.1 million (Previous Period: profit of HK$3.4 million).

The Group is currently operating three medical aesthetic centres in prime locations in Hong Kong under its core brand CosMax+. During the Period Under Review, CosMax+ expanded its operation scale by approximately 4,000 square feet in order to provide customers with a more comfortable environment and more comprehensive experience and be well-prepared for the expected continuous business growth. CosMax+ has been well received by many loyal customers, and its solid reputation makes it the market leader of the high-end medical aesthetic sector in Hong Kong for many years. Its business has been growing steadily for years as well.

VITAE, a beauty brand, emphasises the need to maintain an optimal balance between beauty and health. The Group operates three VITAE treatment centres in prime locations in Hong Kong. Although VITAE has a relatively shorter history compared to CosMax+, thanks to our innovative service philosophy and treatment services, it has established a continuous and steadily growing customer base within only a few years since its establishment, showing the market and customers recognition towards VITAE. In addition, although the two brands, CosMax+ and VITAE, have their own special features and provide different treatment services, there is an enormous potential synergy between the brands and this allows the Group to provide full-cycle aesthetic services to customers and enhance the customer base's adhesion to the Group. With the advantage of dual development of the two brands, the Group is able to expand market coverage more effectively and increase market share.

On top of meeting customers' daily skincare needs, XOVĒ, a Swiss high-end skincare product line, is able to present even better results when used with treatments offered by the Group. During the Period Under Review, we reviewed and consolidated our retail network in Hong Kong. The six stores are located at Hyson Place in Causeway Bay, Harbour City in Tsim Sha Tsui, Langham Place in Mong Kok, Telford Plaza in Kowloon Bay, New Town Plaza in Sha Tin and Tuen Mun Town Plaza. Meanwhile, in January 2023, XOVĒ officially launched in over 300 Sephora stores in Mainland China. Sephora is an internationally renowned beauty retail group. This cooperation enables XOVĒ to increase brand awareness, sales and market share in the Mainland swiftly. During the Period, sales in Mainland China increased, yet marketing and other expenses during the Period Under Review and in the expected future were relatively higher as the business in Mainland China was in the seeding period. We have full confidence in the brands and the quality of products, but the length of seeding period may be affected by the fluctuation of global economy and retail market.

Looking ahead, in the second half of the year, the consumer market is gradually regaining its momentum, but under complicated political and economic situation, the foundation of continuous economic recovery is shaky and slow. Therefore, the Group has remained cautiously optimistic and stayed true to our aspiration, thus has been constantly optimizing management and operating efficiency and strictly monitoring quality of its products and services to enrich customer experience. The Group will continue to adopt a steady operating strategy to enhance overall profitability while actively pursuing opportunities for growth and development to enhance value and return of its shareholders.

FINANCIAL REVIEW

Revenue

Revenue amounted to approximately HK$237.0 million for the Period Under Review, representing an increase of approximately HK$25.1 million or 11.8% as compared to approximately HK$211.9 million for the Previous Period. The increase was attributable to the increase in revenue from treatment services during the Period Under Review.

Cost of inventories and consumables

Cost of inventories and consumables amounted to approximately HK$27.0 million and HK$19.0 million for the Period Under Review and Previous Period respectively, representing 11.4% and 9.0% of total revenue for the respective periods.

Staff costs

Staff costs increased by approximately HK$9.1 million, or 11.0%, from approximately HK$82.4 million for the Previous Period to approximately HK$91.5 million for the Period Under Review. The increase was primarily attributable to the increase in number of staff during the Period Under Review as compared to Prior Period. As at 30 September 2023, the Group has a total of 413 employees (30 September 2022: 377 employees).

Property rentals and related expenses

Property rentals and related expenses decreased by approximately HK$1.0 million or 2.8%, from approximately HK$35.9 million for the Previous Period to approximately HK$34.9 million for the Period Under Review. The decrease was primarily due to the closure of retail stores.

Depreciation of property, plant and equipment

Depreciation charge in relation to property, plant and equipment amounted to approximately HK$20.9 million and approximately HK$21.7 million for the Period Under Review and Previous Period, respectively, representing 8.8% and 10.2% of total revenue for the respective periods.

Other expenses, net

Other expenses, net increased by approximately HK$25.6 million or 47.5%, from approximately HK$53.9 million for the Previous Period to approximately HK$79.5 million for the Period Under Review. The increase was primarily attributable to increase in promotional campaigns for different marketing channels and various social media platforms which were in line with increase in sales during the Period Under Review.

Finance costs

Finance costs amounted to approximately HK$2.6 million and approximately HK$1.7 million for the Period Under Review and Previous Period, respectively.

Income tax

Income tax expense amounted to approximately HK$0.9 million for the Previous Period and income tax credit approximately HK$3.6 million for the Period Under Review.

Loss for the period

Loss attributable to owners of the Company was approximately HK$13.1 million for the Period Under Review.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the Period Under Review (Previous Period: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 30 September 2023 was approximately HK$137.5 million. We continue to maintain a strong financial position with cash and cash equivalents of approximately HK$97.8 million as at 30 September 2023. Our working capital, excluding those lease liabilities relating to properties leased for own use, was HK$18.6 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 this financial year.

As at 30 September 2023, most of our cash and bank balances was denominated in Hong Kong Dollar, United States Dollar and Renminbi.

LEASE LIABILITIES

As at 30 September 2023, the Group had lease liabilities of approximately HK$105.5 million.

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 30 September 2023, our Group had approximately HK$15.8 million outstanding interest-bearing bank borrowings (31 March 2023: approximately HK$19.2 million).

Contingent Liabilities and Guarantees

As at 30 September 2023, our Group had no significant contingent liabilities and guarantees (31 March 2023: Nil).

Charge of Assets

As at 30 September 2023, there was no charge on the assets of our Group except for the time deposits of approximately HK$62.4 million (31 March 2023: approximately HK$62.4 million) pledged for banking facilities as security for credit card instalments programme.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 11.5% as at 30 September 2023 (31 March 2023: approximately 12.7%).

Foreign Currency Risk

Our Group carries out its business 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 six months ended 30 September 2023.

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

There were no significant investments held by the Company during the six months ended 30 September 2023, 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 30 September 2023, our Group has a total of 413 employees (31 March 2023: 334). Staff costs, including Directors' remuneration, of our Group were approximately HK$91.5 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK$82.4 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 basic salary, year-end bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to our Group.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event occurred after the reporting period.

PROSPECTS

During the Period Under Review, despite containment of the COVID-19 pandemic and resumption of economic activities in an orderly manner, there were still uncertainties such as rising inflationary pressures, contractionary monetary policies and tightening credit conditions around the globe. Under this backdrop, Hong Kong's economy recovered at a slower pace and its outlook was still gloomy, thus the operating environment remained challenging. During the past few years, consumers were more rational and cautious when choosing brand and services due to changes in the economic environment and consumption pattern, and they cared more about brand awareness and service quality.

The Group has gone through various economic cycles since its establishment. It works by its long-upheld belief, which is founding its business on customers' needs, helping customers with their quest for beauty, and wins customers' recognition and praise so that it can keep on developing steadily despite ups and downs of the economic cycle. Looking forward, the Group will continue to stay true to its original intention and review our operating strategy and model while reinforcing our core values to maintain its competitive advantages in the market.

CosMax+ and VITAE will optimize the environment and services of its medical aesthetic centres and beauty treatment centres and introduce new treatments to enrich customer experience. It will also step up its marketing efforts to consolidate its leadership and advantages in the high-end medical aesthetic market and increase its market share. Meanwhile, we will strengthen the development of the mutual synergy between two brands and provide customers with full-cycle aesthetic services in order to deepen the customers' adhesion to the Group.

In terms of Swiss high-end skincare products of XOVĒ, the Group will continue to invest in product research and development to cater for different skincare needs of different customers while establishing diversified sales channels in Mainland China and Hong Kong to quickly penetrate into the high-end skincare market so as to arouse its brand awareness and reputation among consumers.

In the future, the Group will consolidate reputation, position and coverage of its brands and business in Mainland China and Hong Kong markets to enhance synergies among the brands as well as overall operating efficiency and profitability of the Group.

Under the prevalence of digitalization and innovation of applications, the Group will continue to develop and optimize IT and digitalized management system to enhance its extendibility, management and operating efficiency and reduce operating costs.

Moreover, the Group will employ big data analysis to enhance customer satisfaction and optimize its scope of services so that product and service offerings and research and development directions can be more precise and targeted to increase market share and consolidate market leadership.

The Group remains cautiously optimistic on the future. Looking ahead, in the second half of the year, we will continue leveraging our competitive advantage and timely adjust our business in response to the changes in the economic environment and actively explore business opportunities in Mainland China and Hong Kong markets to bring long-term return to our shareholders.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 19 December 2016 for a term of 10 years from the date of adoption of the Share Option Scheme.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and there was no outstanding share option as at 30 September 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Options Scheme, at no time during the six months ended 30 September 2023 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

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 six months ended 30 September 2023.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company dated 30 December 2016, pursuant to the non-competition undertakings set out in the deed of non-competition dated 19 December 2016, each of our controlling shareholders, namely, Sunny Bright Group Holdings Limited, Mrs. Gigi Ma and Mr. Patrick Ma (collectively the "Controlling Shareholders"), have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, each of them does not or will not, and will procure each of their respective close associates not to, directly or indirectly, carry on, participate in, be engaged, interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or similar to or is likely to be in competition with the business of the Group upon the Listing of the Company. Details of the deed of non-competition are set out in the paragraph headed "Non-Competition Deed" in the section headed "Relationship with Controlling Shareholders" in the prospectus of the Company dated 30 December 2016.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders have complied with their undertakings given under the deed of non-competition for the six months ended 30 September 2023.

COMPETING INTERESTS

As at 30 September 2023, so far as the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined under Rule 8.10 of the Listing Rules) had held any position or had interest in any businesses or companies that were or might be directly or indirectly competing with the business of the Group, or gave rise to any concern regarding conflict of interest.

CORPORATE GOVERNANCE CODE

The Company 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 six months ended 30 September 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 appropriate in the circumstances and currently does not propose to separate the functions of chairman and the chief executive officer.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference following the Rules 3.21 to 3.23 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Cheng Yuk Wo, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Mr. Cheng Fu Kwok David and Mr. Li Wai Kwan. The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023, the 2023/2024 interim report and this announcement.

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

Hong Kong, 24 November 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.