

MI MING MART HOLDINGS LIMITED

彌明生活百貨控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8473



2020/21

Interim Report

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “**Directors**”) of Mi Ming Mart Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yuen Mi Ming Erica
(*Chairlady and Chief Executive Officer*)
Ms. Yuen Mimi Mi Wahng

Non-executive Directors

Mr. Cheung Siu Hon Ronald
Mr. Lam Yue Yeung Anthony

Independent Non-executive Directors

Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa
Ms. Tsang Wing Yee

BOARD COMMITTEES

Audit Committee

Ms. Tsang Wing Yee (*Chairlady*)
Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa

Remuneration Committee

Ms. Chan Sze Lai Celine (*Chairlady*)
Ms. Yuen Mi Ming Erica
Ms. Hung Yuen Wa

Nomination Committee

Ms. Yuen Mi Ming Erica (*Chairlady*)
Ms. Chan Sze Lai Celine
Ms. Hung Yuen Wa

COMPLIANCE OFFICER

Ms. Yuen Mimi Mi Wahng

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Guangdong Tours Centre
18 Pennington Street
Hong Kong

COMPANY SECRETARY

Mr. Mak Yau Kwan

AUTHORISED REPRESENTATIVES

Ms. Yuen Mi Ming Erica
Ms. Yuen Mimi Mi Wahng

LEGAL ADVISER

TC & Co.
Units 2201-3, 22nd Floor
Tai Tung Building, 8 Fleming Road
Wanchai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Clifton House
75 Fort Street
Grand Cayman
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Cayman Islands

CAYMAN ISLAND PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
P.O. Box 1350, Clifton House
75 Fort Street
Grand Cayman, KY1-1108
Cayman Island

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Chong Hing Bank Limited
Ground Floor,
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

COMPANY WEBSITE ADDRESS

www.mimingmart.com

STOCK CODE

8473

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2020, operating results of the Company and its subsidiaries (collectively referred to as the “**Group**”) were as follows:

- the Group’s revenue decreased slightly by approximately HK\$1.6 million or approximately 2.3% from approximately HK\$69.4 million for the six months ended 30 September 2019 to approximately HK\$67.8 million for the six months ended 30 September 2020.
- the Group recorded a gross profit of approximately HK\$44.9 million for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$43.6 million), representing an increase of approximately 2.9% as compared to that for the corresponding period in 2019.
- profit attributable to the owners of the Company for the six months ended 30 September 2020 amounted to approximately HK\$13.5 million (six months ended 30 September 2019: HK\$6.5 million), representing an increase of approximately 108.5% as compared to that for the corresponding period in 2019. Excluding the non-recurring legal and professional fees incurred in relation to the preparation for the proposed transfer of listing the Company’s shares from the GEM to the Main Board of the Stock Exchange (the “**Proposed Transfer of Listing**”), the Group’s profit attributable to owners of the Group for the six months 30 September 2020 amounted to approximately HK\$17.3 million (six months ended 30 September 2019: HK\$11.1 million).
- the Board resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

Deloitte.

德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MI MING MART HOLDINGS LIMITED

彌明生活百貨控股有限公司

(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Mi Ming Mart Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 4 to 17, which comprise the condensed consolidated statement of financial position as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

12 November 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	38,340	37,806	67,776	69,395
Cost of sales		(12,833)	(13,828)	(22,913)	(25,776)
Gross profit		25,507	23,978	44,863	43,619
Other income, gains or losses		636	412	2,565	350
Selling and distribution expenses		(7,254)	(8,997)	(14,130)	(17,465)
Administrative and operating expenses		(7,813)	(11,217)	(16,171)	(17,484)
Interest expense on lease liabilities		(177)	(209)	(350)	(427)
Profit before taxation	5	10,899	3,967	16,777	8,593
Income tax expense	6	(2,062)	(1,458)	(3,326)	(2,141)
Profit and total comprehensive income for the period		8,837	2,509	13,451	6,452
Earnings per share (Hong Kong cents) – basic	8	0.79	0.22	1.20	0.58

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	NOTES	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	32,122	33,007
Right-of-use assets	9	12,428	10,421
Deferred tax assets		609	619
Deposits paid for acquisition of an asset		317	1,140
Other non-current assets		2,326	2,385
		47,802	47,572
Current assets			
Inventories		12,000	12,000
Trade receivables	10	620	720
Deposits, prepayments and other receivable		6,047	4,766
Pledged bank deposits		3,243	3,243
Bank balances and cash		94,201	77,037
		116,111	97,766
Current liabilities			
Trade payables	11	1,980	1,681
Accrued expenses and other payables		4,324	6,625
Contract liabilities		3,610	609
Refund liabilities		187	189
Lease liabilities	12	8,109	8,532
Tax payables		2,355	528
		20,565	18,164
Net current assets		95,546	79,602
Total assets less current liabilities		143,348	127,174
Non-current liability			
Lease liabilities	12	4,819	2,096
Net assets		138,529	125,078
Capital and reserves			
Share capital	13	11,200	11,200
Reserves		127,329	113,878
Total equity		138,529	125,078

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	11,200	81,847	(37,316)	60,215	115,946
Profit and total comprehensive income for the period	-	-	-	6,452	6,452
Dividend recognised as distribution (Note 7)	-	(6,720)	-	-	(6,720)
At 30 September 2019 (unaudited)	11,200	75,127	(37,316)	66,667	115,678
At 1 April 2020 (audited)	11,200	75,127	(37,316)	76,067	125,078
Profit and total comprehensive income for the period	-	-	-	13,451	13,451
At 30 September 2020 (unaudited)	11,200	75,127	(37,316)	89,518	138,529

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
NET CASH FROM OPERATING ACTIVITIES	23,977	15,800
INVESTING ACTIVITIES		
Payments for rental deposits	(704)	–
Purchase of property, plant and equipment	(333)	(3,704)
Interest received	496	623
Payment for acquisition of an asset through acquisition of a subsidiary	–	(25,902)
NET CASH USED IN INVESTING ACTIVITIES	(541)	(28,983)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(5,922)	(5,708)
Interest paid	(350)	(427)
Dividend paid	–	(6,720)
NET CASH USED IN FINANCING ACTIVITIES	(6,272)	(12,855)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,164	(26,038)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	77,037	98,154
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	94,201	72,116

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020***1. GENERAL INFORMATION**

Mi Ming Mart Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 4 November 2016 and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Prime Era Holdings Limited (“**Prime Era**”), a private limited company incorporated in the British Virgin Islands (“**BVI**”). The address of the registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is 16th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the marketing, selling and distributing a wide range of beauty and health products in Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES – continued

Application of amendments to HKFRSs

In current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

3. REVENUE

The revenue of the Group arose from sales of products and consignment commission for the six months ended 30 September 2020. An analysis of the Group's revenue recognised at a point in time for the six months ended 30 September 2020 are set out as below:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Sales of goods				
Retail stores	31,528	34,663	57,755	63,735
Online shop	6,340	2,025	9,224	2,934
Consignment sales	208	612	283	1,724
Distributors	130	420	265	842
Subtotal	38,206	37,720	67,527	69,235
Consignment Commission				
Retail stores	63	86	120	159
Online shop	71	–	129	1
Subtotal	134	86	249	160
Total	38,340	37,806	67,776	69,395

4. SEGMENT INFORMATION

The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive Directors of the Company) (the “CODM”), for the purpose of resource allocation and performance assessment, which is the aggregate results of the Group including all income, expenses (excluding the legal and professional expenses for the proposed transfer of listing of the shares of the Company from GEM to Main Board of the Stock Exchange (“Transfer Listing Expenses”)) and tax charges. As a result, there is only one operating and reporting segment of the Group.

The following is an analysis of the Group’s revenue and results by its operating segment – marketing, selling and distributing a wide range of beauty and health products.

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue – external sales	38,340	37,806	67,776	69,395
Segment results	10,095	7,205	17,285	11,148
Less: Transfer Listing Expenses	(1,258)	(4,696)	(3,834)	(4,696)
Profit for the period	8,837	2,509	13,451	6,452

The accounting policies of the operating segment are the same as the Group’s accounting policies. Segment results represents profit earned from the operating segment without allocation of Transfer Listing Expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

4. SEGMENT INFORMATION – continued

Revenue from major products and service

The following is an analysis of the Group's revenue from its major products and service:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Skincare	28,018	27,055	49,468	49,115
Cosmetics	1,586	4,046	3,346	7,882
Food and health supplements	6,142	4,074	11,079	7,750
Other products	2,460	2,545	3,634	4,488
Consignment commission	134	86	249	160
Total	38,340	37,806	67,776	69,395

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets are located in Hong Kong and approximately 99% of the Group's revenue from external customers during the six months ended 30 September 2020 are generated in Hong Kong (six months ended 30 September 2019: 99%).

5. PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):				
Directors' emoluments	1,020	1,074	2,076	2,148
Other staff salaries and allowances	4,545	5,333	8,926	10,543
Retirement benefit schemes contributions, excluding those of Directors	251	246	524	493
Total staff costs	5,816	6,653	11,526	13,184
Depreciation of property, plant and equipment	1,005	943	2,026	1,598
Depreciation of right-of-use assets	3,129	3,009	6,250	6,273
Cost of inventories recognised as expenses (included in cost of sales)	12,669	13,477	22,655	24,852
Interest income	(243)	(317)	(496)	(623)
Exchange (gain) loss	(392)	(3)	(1,265)	377
Transfer Listing Expenses	1,258	4,696	3,834	4,696

6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:				
Hong Kong Profits Tax	2,062	1,458	3,326	2,141

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax regime is applicable to the Group for both periods and only one subsidiary in the Group could elect for the two-tiered rates regime and the election, once made, is irrevocable.

The Directors are in the view that the impact of the two-tiered profits tax rates regime on the Group's deferred tax position is not material.

7. DIVIDENDS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
2020 Final dividend of nil per ordinary share (2019: HK0.6 cent per ordinary share)	–	6,720

The Directors did not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

8. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Earnings:				
Earnings attributable to owners of the Company for the purposes of calculation of basic earnings per share	8,837	2,509	13,451	6,452
	Three months ended 30 September		Six months ended 30 September	
	2020 '000 (unaudited)	2019 '000 (unaudited)	2020 '000 (unaudited)	2019 '000 (unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	1,120,000	1,120,000	1,120,000	1,120,000

No diluted earnings per share was presented for the six months ended 30 September 2020 and 2019 as there was no potential dilutive ordinary shares in issue during both periods.

9. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the six months ended 30 September 2020, the Group incurred total expenditure of approximately HK\$1,141,000 (six months ended 30 September 2019: HK\$32,484,000 (unaudited)) on acquisition of property, plant and equipment, including approximately HK\$nil (six months ended 30 September 2019: HK\$28,780,000 (unaudited)) on the acquisition of leasehold land and buildings through acquisition of a subsidiary, HK\$66,000 (six months ended 30 September 2019: HK\$3,267,000 (unaudited)) on the acquisition of leasehold improvement, HK\$1,038,000 (six months ended 30 September 2019: HK\$188,000 (unaudited)) on the acquisition of computer equipment and HK\$37,000 (six months ended 30 September 2019: HK\$249,000 (unaudited)) on the acquisition of office equipment.

During the current interim period, the Group entered into several new lease agreements for the use of premises for one to three years. The Group is required to make fixed monthly payments and additional turnover rental payments on lease commencement. The Group recognised approximately HK\$8,257,000 (2019: HK\$2,089,000) of right-of-use assets and approximately HK\$8,222,000 (2019: HK\$2,054,000) of lease liabilities.

10. TRADE RECEIVABLES

The following is an aging analysis of trade receivables from sales of goods and services presented based on the revenue recognition date at the end of the reporting period.

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within 30 days	512	686
31 – 60 days	37	16
61 – 90 days	4	6
Over 90 days	67	12
	620	720

The Group's revenue is generated mainly from cash, credit card sales, cash vouchers from a landlord of retail stores, sale to distributors and consignment sales. The average credit period on credit cards sales, cash vouchers from a landlord of retail stores, sale to distributors and consignment sales is 2 days, 35 days, 30 days and 30 days, respectively.

11. TRADE PAYABLES

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

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within 30 days	1,857	1,659
31 to 60 days	123	22
	1,980	1,681

12. LEASE LIABILITIES

During the current interim period, interest expense of HK\$350,000 (2019: HK\$427,000) has been charged to profit or loss.

13. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	2,000,000,000	20,000
Issued and fully paid:		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	1,120,000,000	11,200

14. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with its related parties:

Relationship	Nature of transactions	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Directors of the Company	Sales of finished goods	34	11	36	64

(b) Compensation of key management personnel of the Group

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries, fees and other allowances	1,307	1,321	2,578	2,643
Performance related incentive payments	40	39	79	75
Retirement benefit scheme contributions	18	18	36	36
	1,365	1,378	2,693	2,754

The remuneration of Directors and other member of key management personnel of the Company are determined having regard to the performance of the individuals.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

Driven by the Group’s philosophy “defining clean beauty” (“擇善美麗”), the Group endeavours to select and offer products that do not contain ingredients that, in its view, would adversely affect or impair the health of its customers. The Group targets to serve and offer its products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at its retail stores, with a portion through its online shop at www.mimingmart.com and other e-commerce platforms operated by independent third parties, consignment sales and distributors. The Group also acts as the consignee for some suppliers on a consignment basis whereby the Group is entitled to consignment commission based on the amount of sales of the consignors’ products and the predetermined percentage as agreed by the consignors and the Group.

The Directors believe that the Group’s success is attributable to the brand image of “MI MING MART” (“彌明生活百貨”), which emphasises its offer of quality beauty and health products selected by its senior management team, reinforcing its customers’ confidence in the Group’s products and building up its customers’ loyalty to the Group’s brand. The Group believes its marketing strategy, established network of retail stores and the quality products offered by the Group will continue to strengthen its brand image and customer base.

The Group aims to expand its sales network, product portfolio and e-commerce business to enhance its competitiveness and maintain its leading position in the small and medium segment of the skincare and cosmetics multi-brand specialty retailers market in Hong Kong. Going forward, the Group will gradually carry out the implementation plans as set out in the annual report of the Company dated 22 June 2020. With its comprehensive knowledge in both the skincare and cosmetics market and the health supplements market in Hong Kong, the Directors believe that the Group is well-positioned to capture the growth.

FINANCIAL REVIEW

Revenue

The Group’s revenue slightly decreased by approximately HK\$1.6 million to approximately HK\$67.8 million for the six months ended 30 September 2020 from approximately HK\$69.4 million for the corresponding period in 2019, representing a decrease of approximately 2.3%. The Directors believe that the decrease in revenue was primarily due to the net effect of (i) decrease in revenue generated from the sales of the Group’s products through its retail shops of approximately HK\$6.0 million primarily due to the outbreak of COVID-19 in early 2020; (ii) decrease in revenue generated from the sales of the Group’s products through consignment sales of approximately HK\$1.4 million primarily due to the consignment sales arrangement with the former in-flight shop company was ceased and a new distribution agreement was entered into with a new in-flight shop company in early 2020, nevertheless, the Group recorded a low in-flight distribution sales during the six months ended 30 September 2020 due to the outbreak of COVID-19; (iii) decrease in sales to distributors of approximately HK\$0.6 million; and (iv) increase in revenue generated from the sales of the Group’s products through its self-operated online shop and other e-commerce platforms of approximately HK\$6.3 million.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories sold, commission expenses, and incoming shipping, freight and delivery charges. The cost of sales decreased by approximately HK\$2.9 million to approximately HK\$22.9 million for the six months ended 30 September 2020 from approximately HK\$25.8 million for the corresponding period in 2019, representing a decrease of approximately 11.1%. Notwithstanding the decrease in cost of sales along with the decrease in sales during the period, the Group recorded a decrease of cost of sales primarily due to (i) an increase in sales of certain skincare products for which the Group had exclusive distribution right and the Group's own "POME" branded products, both of which had a relatively lower cost of sales as compared to that for most of the other products; and (ii) the benefit from a more favourable average exchange rate of Australian dollar against Hong Kong dollar during the six months ended 30 September 2020 as compared to that for the corresponding period in the previous year for payment of the Group's purchases of inventory in Australian dollar.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$1.3 million to approximately HK\$44.9 million for the six months ended 30 September 2020 from approximately HK\$43.6 million for the corresponding period in 2019, representing an increase of approximately 2.9%, whilst the Group's gross profit margin increased from approximately 62.9% to approximately 66.2% for the respective periods. The increase in the gross profit margin was mainly attributable to (i) an increase in sales of certain skincare products for which the Group had exclusive distribution rights and the Group's own "POME" branded products, both of which had a relatively lower cost of sales, as compared to that for most of the other products; and (ii) the benefit from a more favourable average exchange rate of Australian dollar against Hong Kong dollar during the six months ended 30 September 2020 as compared to that for the corresponding period in the previous year for payment of the Group's purchases of inventory in Australian dollar.

Other income, gains and losses

The Group's other income, gains and losses increased by approximately HK\$2.2 million to approximately HK\$2.6 million for the six months ended 30 September 2020 from approximately HK\$0.4 million for the corresponding period in 2019, representing an increase of approximately 632.9%. The increase in the other income, gains and losses is primarily attributable to (i) the Group recorded an exchange gain of approximately HK\$1.3 million during the six months ended 30 September 2020; and (ii) the subsidy received from the Hong Kong Government under the Retail Sector Subsidy Scheme of approximately HK\$0.8 million.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately HK\$3.4 million to approximately HK\$14.1 million for the six months ended 30 September 2020 from approximately HK\$17.5 million for the corresponding period in 2019, representing a decrease of approximately 19.1%. The decrease in the Group's selling and distribution expenses was primarily due to (i) decrease in marketing expenses of approximately HK\$1.3 million; (ii) decrease in staff costs for sales staff of approximately HK\$1.5 million after the receipt of subsidies of approximately HK\$1.4 million from the Hong Kong Government under the Employment Support Scheme; and (iii) decrease in rental expenses for retail shops of approximately HK\$0.7 million.

Administrative and operating expenses

Administrative and operating expenses decreased by approximately HK\$1.3 million to approximately HK\$16.2 million for the six months ended 30 September 2020 from approximately HK\$17.5 million for the corresponding period in 2019, representing a decrease of approximately 7.5%. Such decrease was mainly due to the decrease in the non-recurring legal and professional fees of approximately HK\$0.9 million in relation to the preparation for the Proposed Transfer of Listing.

Interest expenses on lease liabilities

Interest expenses on the lease liabilities remained relatively stable at approximately HK\$0.4 million for the six months ended 30 September 2020 as compared to that for the corresponding period in previous year.

Income tax expense

For the six months ended 30 September 2019 and 2020, the Group's income tax expense was approximately HK\$2.1 million and HK\$3.3 million, respectively, representing an effective tax rate of approximately 24.9% and 19.8%, respectively. The lower effective tax rate for the six months ended 30 September 2020 was mainly attributable to less non-recurring legal and professional fees in relation to the preparation for the Proposed Transfer of Listing incurred in that period which were not deductible for taxation purpose.

Net profit for the period

As a result of the foregoing, the Group's net profit increased by approximately HK\$7.0 million or approximately 108.5% from approximately HK\$6.5 million for the six months ended 30 September 2019 to approximately HK\$13.5 million for the six months ended 30 September 2020, whilst the Group's net profit margin increased from approximately 9.3% to approximately 19.8% for the respective periods.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 September 2020	As at 31 March 2020
Current ratio (<i>Note</i>)	5.6	5.4

Note: Current ratio is calculated by dividing current assets by current liabilities as at the end of each respective period/year.

The current ratio of the Group as at 30 September 2020 remained relatively stable at 5.6 times as compared to that of 5.4 times as at 31 March 2020.

The Group's management closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet its operational needs. The management takes into account the trade receivables, trade payables, cash on hand, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

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

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2020, the Group had certain bank balances and payables denominated in Australian dollar, which exposed the Group to foreign currency risk. The Directors consider that the Group's policy to maintain sufficient Australian dollar for payment of purchases for at least three months and keeping of about three months' inventory, with reference to the Group's historical sales, will provide the Group with a sufficient buffer to minimise the Group's exposure to the fluctuation in Australian dollar.

SIGNIFICANT INVESTMENTS

As at 30 September 2020, there was no significant investment held by the Group (31 March 2020: nil).

CAPITAL STRUCTURE

The Shares were successfully listed on the GEM on 12 February 2018. There has been no change in the capital structure of the Company since then. The equity of the Company only comprises ordinary shares.

As at the date of this report, the issued share capital of the Company was HK\$11.2 million and the number of issued ordinary shares was 1,120,000,000 of HK\$0.01 each.

CAPITAL COMMITMENT

As at 30 September 2020, the Group did not have any significant capital commitments (31 March 2020: nil)

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities (31 March 2020: nil).

DIVIDEND

No dividend was paid, proposed or declared for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of a good relationship with its employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group is committed to employee development and has implemented various training programs for the employees to strengthen their management, industry and product knowledge. The Directors believe that such training programs will equip the employees with the requisite skills and knowledge to enhance the Group's services to its customers.

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Employee remuneration packages are typically comprised of salary, sales commission, contribution to pension schemes and discretionary bonuses relating to the profit of the Group. The remuneration package of the Group's Executive Directors and the senior management is, in addition to the above factors, linked to the return to the shareholders. The Remuneration Committee will review the remuneration of all the Group's Executive Directors and senior management annually to ensure that it is attractive enough to attract and retain a competent team of executive members.

A Remuneration Committee has been set up since the Listing for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual duties and responsibilities, individual performance and comparable market practices.

As at 30 September 2020, the Group employed a total of 80 (as at 30 September 2019: 75) full-time employees and 10 (as at 30 September 2019: 11) part-time employees. The staff costs, including Directors' emoluments, of the Group for the six months ended 30 September 2020 was approximately HK\$11.5 million (six months ended 30 September 2019: HK\$13.2 million). The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this report, no option has been granted under the share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2020, the Group did not have other plans for material investments and capital assets.

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus of the Company dated 30 January 2018 (the "Prospectus") and the announcement entitled "Change in use of proceeds" dated 9 March 2020 (the "Announcement") with actual business progress up to 30 September 2020.

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

Actual progress up to 30 September 2020

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

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

Since the Listing, the Group has actively searched for suitable premises to open new retail stores in Kowloon Bay, Mongkok, Tai Po and Kwun Tong and has received offers from a number of landlords. However, after considering factors such as (i) spending power of target customers in a particular area; (ii) accessibility of the location; (iii) neighbouring tenants and competition of other retail stores and merchandise sold in the neighbourhood; (iv) the availability of other amenities, entertainment and dining facilities in the location or nearby area; (v) the relevant lease terms or other restrictions on the premises; (vi) the foot traffic of the premises or the shopping malls in which the premises are situated; and (vii) size of the premises, the Directors concluded that most of the premises presented to them were unsuitable save and except that in December 2018, the Group identified and rented a suitable premises in Kwun Tong for opening a new retail store, which subsequently commenced business in April 2019.

As disclosed in the Prospectus, the Group planned to open a second retail store in Causeway Bay during the six months ended 31 March 2019. However, having identified a larger premises in a prime shopping mall in the same district and having considered the above factors, the Group relocated its old Causeway Bay retail store to the larger premises in June 2018 in order to drive more foot traffic and enhance its customers' shopping experience.

**Implementation plan as set out in
Prospectus and subsequently adjusted in the
Announcement**

Actual progress up to 30 September 2020

	<p>As mentioned in the Announcement, the Group intends to proceed with its plan to open the two remaining new retail stores, one in a prime shopping area, being Mongkok, and one in a local shopping area, being either Kowloon Bay or Tai Po, of Hong Kong, when the suitable premises is available, while closely monitoring the retail market environment in Hong Kong to ensure that the business expansion is conducted in a prudent and cost effective manner.</p>
<ul style="list-style-type: none">- Recruitment of new staff members	<p>Owing to the postponed shop expansion plan in Mongkok, Kowloon Bay/Tai Po as mentioned above, the Group did not recruit additional staff members originally planned for these retail stores.</p> <p>The Group recruited five additional staff members to cater for the manpower required for the Group's larger retail store in Causeway Bay and the new retail store in Kwun Tong as mentioned above.</p>
<ul style="list-style-type: none">- Recruitment of a shop expansion manager and payment of his/her salaries	<p>The Group has recruited a shop expansion manager.</p>
<ul style="list-style-type: none">- Refurbishing nine existing retail stores	<p>The Group has refurbished eight existing retail stores. Owing to the postponed shop expansion plan in Mongkok as mentioned above, the Group has not started its renovation work.</p>
<i>Acquire a warehouse</i>	
<ul style="list-style-type: none">- Partial payment for acquiring the warehouse	<p>The Group has acquired a warehouse.</p>
<i>Expand our product portfolio and explore new suppliers</i>	
<ul style="list-style-type: none">- Recruitment of a product expansion manager and payment of his/her salaries	<p>The Group has recruited a product expansion manager and supporting staff to handle the product expansion work.</p>
<ul style="list-style-type: none">- Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets	<p>The representatives of the Group had attended trade fairs/field visit in Korea, the United States, Japan and Australia.</p>

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

Actual progress up to 30 September 2020

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

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

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

The Group has recruited a contractor to perform research and development for transforming its website into an information portal and revamping its online shop.

Conduct system improvement and integration

- Purchase of new integrated system
- System maintenance and point-of-sale system hosting

The Group has paid a deposit for acquiring a new integrated system. The implementation of the new integrated system have been completed.

During the period under review, the Group has deployed funds for system maintenance and point-of-sale system hosting.

Enhance the Group's existing self-operated online shop

- upgrade and enhance the Group's self-operated online shop and integrate it with the Group's point-of-sale system
- employ additional staff to handle customer services and orders placed on the self-operated online shop in anticipation of the increase in online customer traffic

The upgrade and enhancement of the Group's self-operated online shop have been completed.

The Group has recruited additional staff to handle customer services and orders placed on its self-operated online shop.

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 30 September 2020 and the actual utilisation are set out below:

	Use of proceeds as disclosed in the Prospectus up to 31 March 2020 (adjusted on a pro rata basis on the actual net proceeds) HK\$'000	Use of proceeds as disclosed in the Prospectus up to 31 March 2020 (adjusted on a pro rata basis on the actual net proceeds) Announcement) HK\$'000	Use of proceeds as disclosed in the Prospectus up to 31 March 2020 (adjusted on a pro rata basis on the actual net proceeds and subsequently adjusted according to the 30 September 2020 HK\$'000	Actual usage of net proceeds up to 30 September 2020 HK\$'000	Unutilised net proceeds as at 30 September 2020 HK\$'000
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	16,215	15,215	6,801	8,414 <i>(Note 1)</i>	
Acquire a warehouse	13,181	13,181	13,181	–	
Expand our product portfolio and explore new suppliers	1,581	1,581	1,185	396 <i>(Note 2)</i>	
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	10,591	10,591	10,591	–	
Conduct system improvement and integration	1,533	1,533	1,533	–	
Enhance the Group's existing self-operated online shop	–	1,000	312	688 <i>(Note 3)</i>	
General working capital	2,614	2,614	2,614	–	
	45,715	45,715	36,217	9,498	

Notes:

- Based on the best estimation of the Directors and after taking into consideration the COVID-19 outbreak and the current retail and economic environment in Hong Kong, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by March 2023.
- Based on the best estimation of the Directors and subject to the uplifting of the travel restriction currently imposed by different countries and the resumption of the trade fairs which may have to be cancelled or suspended due to the COVID-19 outbreak, all the unutilised net proceeds allocated to this business strategy will be applied for the purpose as planned by around March 2022.
- Based on the best estimation of the Directors, all the unutilised net proceeds allocated to this business strategy, including enhancement of the Group's self-operated online shop, recruitment of additional staff for the self-operating online shop and payment of salaries to such staff, will be applied for the purpose as planned by around March 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2020, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") held by the Directors and chief executives of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO) or which as entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are set out as follows:

(a) Interests in the Shares of the Company

Name of Directors	Capacity/ nature of interest	Number of Shares interested (Note 1)	Percentage of shareholding in the Company
Ms. Yuen Mi Ming Erica ("Ms. Erica Yuen") (Note 2)	Interest in controlled corporation	559,000,000 (L)	49.9%
Mr. Lam Yue Yeung Anthony ("Anthony Lam") (Note 3)	Interest of spouse	559,000,000 (L)	49.9%
Ms. Yuen Mimi Mi Wahng ("Ms. Mimi Yuen") (Note 4)	Interest in controlled corporation	30,000,000 (L)	2.7%
Mr. Cheung Siu Hon Ronald ("Mr. Ronald Cheung") (Note 5)	Interest of spouse	30,000,000 (L)	2.7%

(b) Interests in the Shares of the associated corporation of the Company

Name of Director	Capacity/ nature of interest	Name of associated corporation	Number of share interested (Note 1)	Percentage of shareholding in the associated corporation
Ms. Erica Yuen	Beneficial owner	Prime Era	1 (L)	100%
Mr. Mimi Yuen	Beneficial owner	Webber Holdings Limited ("Webber")	1 (L)	100%

Notes:

- The letter "L" denotes long position in the relevant share interests.
- Prime Era held direct interests of 559,000,000 Shares. Prime Era is wholly and beneficially owned by Ms. Erica Yuen. Therefore, Ms. Erica Yuen is deemed to be interested in all the Shares held by Prime Era under the SFO.

- (3) Mr. Anthony Lam is the spouse of Ms. Erica Yuen. Mr. Anthony Lam is deemed to be interested in the same number of Shares in which Ms. Erica Yuen is interested by virtue of the SFO.
- (4) Webber held direct interests of 30,000,000 Shares. Webber is wholly and beneficially owned by Ms. Mimi Yuen. Therefore, Ms. Mimi Yuen is deemed to be interested in all the Shares held by Webber under the SFO.
- (5) Mr. Ronald Cheung is the spouse of Ms. Mimi Yuen. Mr. Ronald Cheung is deemed to be interested in the same number of Shares in which Ms. Mimi Yuen is interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executive of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares:

Name of shareholder	Capacity/ nature of interest	Number of Shares held (Note 1)	Percentage of shareholding in the Company
Prime Era (Note 2)	Beneficial owner	559,000,000 (L)	49.9%
Ms. Ying Ka Kwok Tania	Beneficial owner	251,000,000 (L)	22.4%

Notes:

- (1) The letter "L" denotes the long position in the share interest.
- (2) Prime Era is wholly and beneficially owned by Ms. Erica Yuen. She is deemed to be interested in all the Shares held by Prime Era under the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors is aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above) who had any interest or short position in the Shares or underlying Shares which would have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

SHARE OPTION SCHEME

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the written resolutions of the then sole shareholder of the Company passed on 23 January 2018. A summary of the principle terms of the Share Option Scheme is set out in the Appendix IV of the Prospectus. No share option has been granted under the Share Option Scheme since its adoption.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“**Required Standard of Dealings**”) as the code for securities transactions by the Directors. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the six months ended 30 September 2020.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the six months ended 30 September 2020, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interest in a business which competed with or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

During the six months ended 30 September 2020, the Company has complied with the CG Code except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Ms. Erica Yuen is the founder, chairlady, Executive Director and the Chief Executive Officer of the Company. The Board believes that it is in the best interest of the Group to have Ms. Erica Yuen taking up both roles for effective management and business development of the Group. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company’s listed securities during the six months ended 30 September 2020.

AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Tsang Wing Yee, Ms. Chan Sze Lai Celine and Ms. Hung Yuen Wa. Ms. Tsang Wing Yee possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and she serves as the chairlady of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group’s financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the unaudited condensed consolidated financial statements and the interim report for the six months ended 30 September 2020.

By order of the Board
Mi Ming Mart Holdings Limited
Yuen Mi Ming Erica
*Chairlady, Chief Executive Officer
and Executive Director*

Hong Kong, 12 November 2020

As at the date of this report, the Executive Directors are Ms. Yuen Mi Ming Erica and Ms. Yuen Mimi Mi Wahng; the Non-executive Directors are Mr. Cheung Siu Hon Ronald and Mr. Lam Yue Yeung Anthony; and the Independent Non-executive Directors are Ms. Chan Sze Lai Celine, Ms. Hung Yuen Wa and Ms. Tsang Wing Yee.