PERFECT MEDICAL

2023 ANNUAL REPORT

PERFECT MEDICAL HEALTH MANAGEMENT LIMITED
(Incorporated In The Cayman Islands With Limited Liability)

STOCK CODE：1830

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Dr. Au-Yeung Kong
(Chairman & Chief Executive Officer)
Ms. Au-Yeung Wai
Ms. Au-Yeung Hung
Mr. So Hin Lung (appointed on 28 September 2022)

Independent Non-executive Directors
Ms. Hsu Wai Man, Helen
Ms. Cho Yi Ping
Mr. Chi Chi Hung, Kenneth

AUDIT COMMITTEE

Ms. Hsu Wai Man, Helen (Chairman)
Ms. Cho Yi Ping
Mr. Chi Chi Hung, Kenneth

REMUNERATION COMMITTEE

Mr. Chi Chi Hung, Kenneth (Chairman)
Dr. Au-Yeung Kong
Ms. Au-Yeung Wai
Mr. So Hin Lung
(appointed on 28 September 2022)
Ms. Hsu Wai Man, Helen
Ms. Cho Yi Ping

NOMINATION COMMITTEE

Ms. Cho Yi Ping (Chairman)
Dr. Au-Yeung Kong
Ms. Au-Yeung Wai
Mr. So Hin Lung
(appointed on 28 September 2022)
Ms. Hsu Wai Man, Helen
Mr. Chi Chi Hung, Kenneth

COMPANY SECRETARY

Mr. So Hin Lung *CPA*

AUTHORISED REPRESENTATIVES

Mr. So Hin Lung
Ms. Au-Yeung Wai

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

51st Floor
Langham Place Office Tower
8 Argyle Street
Mong Kok, Kowloon
Hong Kong

PRINCIPAL BANKERS

Hong Kong
Hang Seng Bank Limited

People's Republic of China
Industrial and Commercial Bank of China Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

SHARE INFORMATION

Stock code: 1830
Board lot: 1,000 shares
Company website: www.perfectmedical.com

FINANCIAL SUMMARY

Financial Summary

Results

	For the year ended 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,389,261**	1,349,971	1,089,768	1,240,950	1,197,031
Operating profit	**396,064**	392,502	365,892	456,195	399,858
Profit for the year attributable to equity holders of the Company	**315,638**	305,245	284,634	360,157	319,033

Financial Position

	As at 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,296,294**	1,281,199	1,480,368	1,299,244	855,433
Total liabilities	**684,021**	786,933	795,521	620,248	294,689

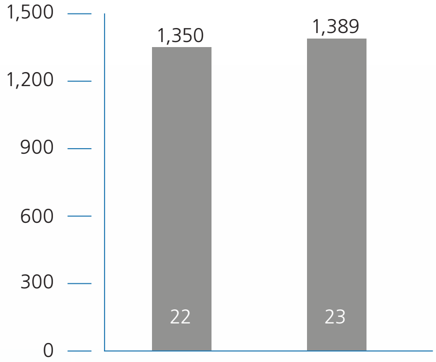
FINANCIAL HIGHLIGHTS

Selected Financial Data

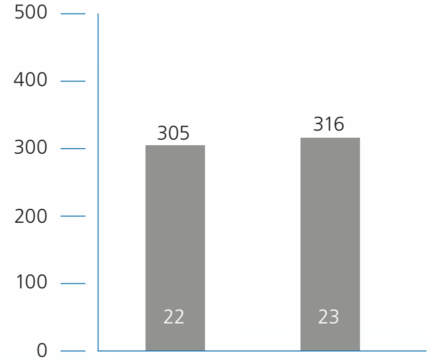
	For the year ended 31 March **2023**	2022	Change (%)
Financial highlight (HK$'000)			
Revenue	**1,389,261**	1,349,971	2.9%
Operating profit	**396,064**	392,502	0.9%
Profit before income tax	**391,456**	378,153	3.5%
Profit for the year attributable to equity holders of the Company	**315,638**	305,245	3.4%
Earnings before interest, tax and depreciation of property, plant and equipment	**482,328**	469,490	2.7%
Total equity attributable to equity holders	**612,273**	494,266	23.9%
Financial information per share (HK cents)			
Earnings			
— basic	**25.3**	24.8	
— diluted	**25.3**	24.8	

	As at 31 March **2023**	2022
Financial ratio		
Operating profit margin	**28.5%**	29.1%
Net profit margin	**22.7%**	22.6%
Return on equity	**51.6%**	61.8%
Return on total assets	**24.3%**	23.8%
Current ratio	**1.44 times**	0.97 times

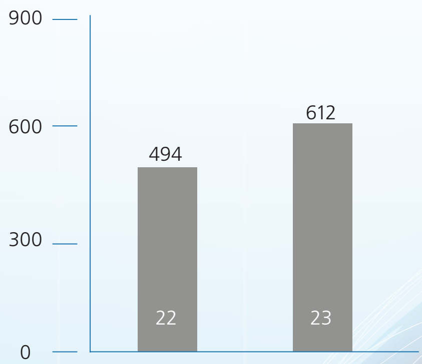
Revenue
(HK$'million)



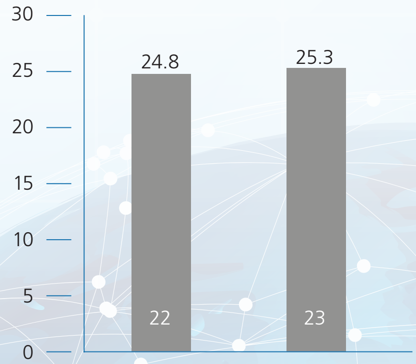
Net Profit
(HK$'million)



Equity
(HK$'million)



Earnings per share
(HK cents)



VISIONS AND MISSIONS

1/ Offer our customers the best services and customer experiences

2/ Create maximum returns for our shareholders

3/ Empower our employees to grow and excel

4/ Commit as a socially responsible corporate




RELATIONSHIP WITH CUSTOMERS

01 Build up customers' loyalty

02 Benefit from word-of-mouth referral

03 Deliver a standard and high quality services

04 Explore instinct need of customers

05 Manage by professional team

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Perfect Medical Health Management Limited (the "Company") together with its subsidiaries (the "Group"), I hereby present the annual results of the Group for the financial year ended 31 March 2023 (the "Year" or "FY2023"), together with the comparative figures for the financial year ended 31 March 2022 ("FY2022").

The unprecedented Covid-19 pandemic has brought about significant impact to the macro-economy in the past three years. As the pandemic is fading out and the economic environment is becoming more normalised, we are glad to see a resumption in consumer spending in the latter part of the fiscal year, which significantly benefit to our full year performance this year. Despite the turbulent environment and the resurgence of the Covid-19, we remained steadfast in our core strategy of "Healthcare + Medical Beauty" to satisfy the individual needs of the consumers.

Being one of the largest aesthetic medical service provider in Hong Kong, the Group has progressively expanded its penetration into the Greater China and the international landscape in recent years in order to replicate our success in Hong Kong. At present, we offered a one-stop service platform incorporating a comprehensive aesthetic medical services and healthcare management services, with our operation spanning around Hong Kong, mainland China, Macau, Australia and Singapore covering a total of 294,000 square feet as of 31 March 2023. During the year, we have carefully evaluate the opportunities under the volatile market situation and have opened a total of four new shops in Hong Kong and the mainland China against the backdrop.

CREATING VALUE FOR SHAREHOLDERS

For this year, the Group continued to record a resilient growth in this challenging operating environment, demonstrating our success in constructing an efficient business model and developing at a reasonable growth pace in the last two decades. Our revenue increased by 2.9% to HK$1,389.3 million this year, as we are well-positioned to capture the rebound in consumer traffic in the second half year subsequent to the relaxation of all social distancing measures in Hong Kong and mainland China. The satisfactory performance was also help by the promising performance in both Australia and Singapore this year as we witnessed a healthy improvement in revenue since we first developed the international exposure in year 2020, reinforcing our confidence towards further expansion globally in the long run. Thanks to the stringent control in cost measures, the net profit maintained growth with an increase of 3.4% to HK$315.6 million.

For the year under review, the Group continued to maintain our generous dividend payout culture in order to create value for our shareholders. The Board has proposed a final and special dividend of HK12.3 cents and HK4.7 cents per share respectively. Together with the interim dividend of HK13.0 cents per share, the total dividend per share is expected to be HK30.0 cents per share for the full year, representing a total dividend payout ratio of 118.6%.

GEARING UP ON GLOBALISATION

In the upcoming year, the Group will seize opportunities arising in the post-pandemic era. Having operated for more than two decades in Hong Kong and elsewhere, it's our dedication to become a global aesthetic medical and healthcare operator in the coming future. With the full resumption of cross-border travel between Hong Kong and the mainland China and the recovery of consumer spending, we expect the normalization would create a room of opportunities in the consumer market. In the Greater Bay Area and the Eastern China, the Group will increase our penetration gradually in order to lay a strong foundation for further expansion. As for the international expansion, efforts would be made to further penetrate into existing and new regions in the long run.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to members of our management team and all staff of Perfect Medical for their unflagging determination, diligence and contributions during the Year. I would also like to thank all of the Group's customers, business partners and Shareholders for their longstanding trust and support. As we strive for further progress in the coming years, we will look forward to everyone's confidence and support of Perfect Medical.

Dr. Au-Yeung Kong
Chairman

Hong Kong, 28 June 2023

MANAGEMENT DISCUSSION & ANALYSIS

Perfect Medical Health Management Limited (the "Company") together with its subsidiaries (collectively, the "Group") is pleased to announce its annual results for the year ended 31 March 2023.

As a home-grown beauty clinic in Hong Kong for over twenty years, the Group has constantly transformed itself to keep up with the ever-changing consumer demand. First established as one of the pioneers as a slimming and beauty consultant in Hong Kong in 2003, the Group has evolved over time with the advancement of technology and breakthrough. To date, the Group is one of the largest aesthetic medical and healthcare management service provider in Hong Kong, providing a full spectrum of energy-based services, hair growth treatment, pain treatment as well as other supplementary services to our customers. With the rise of aesthetic medical in mainland China in recent years, the Group has replicated our time-proven and efficient business model into the Greater Bay Area and the Eastern China, in order to transfer our knowhow and experience in the aesthetic medical industry. And more recently, our geographical reach expands into the international space in Australia and Singapore to fortify our presence as a multinational aesthetic medical corporation. Our dedication to serve as a global aesthetic medical and healthcare consultant has guided us to the success in this low visibility environment under the lingering Covid outbreaks in the past three years.

For the year under review, the Group has experienced a challenging year with the performance being a year of two halves. In the first half year, the emergence of Omicron variant in Hong Kong and mainland China had put significant pressure on the economic sentiment. The economy has significantly improved following the lifting of travel restriction in December 2022 and the mandatory mask-wearing requirements in March 2023 in Hong Kong, as well as the lifting of zero-Covid policy in December 2022 in mainland China. The complete relaxation of Covid restrictions and the resumption to full normalcy in our daily life has boosted the consumer confidence towards the latter part of the fiscal year, positively impacting on our financial performance for the year under review.

As for the global economy, inflation environment, sharp increase in interest rate and the geopolitical tensions around the world have proved to be more persistent than anticipated and the economic conditions have become more fragile. The gradual resumption of normal lifestyle after the reopening has triggered more outbound tourism into favourite tourist spots, which partially disrupted the local consumption from existing and new customers in the near term. The Group has no choice but to continually adjust its development and business strategy to overcome the operation risk under the pandemic.

As reported in the interim results, the Group has taken a prudent approach in our business expansion this year to better respond to the dynamic operating environment and to create shareholder value through careful investment into strategic locations. To stay competitive, the Group has reviewed our cost control and resource deployment to maintain our market leadership position. In this difficult circumstance, the Group remains responsible to the society we live in through maintaining staff stability and wellness and providing superior value to our customers.

As at 31 March 2023, the Group operated a total service area of 294,000 square feet, covering Hong Kong, mainland China, Macau, Australia and Singapore. During the year, the Group has expanded its business penetration with an addition of one shop in Hong Kong and three shops in mainland China in strategic locations.

Management Discussion and Analysis

Service Area:

	As at 31 Mar 2023 ft²
Hong Kong	**189,000**
Regions outside Hong Kong	**105,000**
	294,000

With the unwavering support from the employees and the loyal customers, we are glad to report that our execution of sustainable and dedicated business expansion strategy has enabled us to deliver a stable profitability in this year.

FINANCIALS

Financial Performance

For the year under review, the Group has recorded a year-on-year increase in both revenue and net profit, completely turnaround from the lackluster performance in the first half year under the pandemic. The Group's revenue increased by 2.9% to HK$1,389.3 million (FY2022: HK$1,350.0 million), as we anticipated a better performance in recent months after the gradual relaxation of all social distancing measures in Hong Kong, compensated the decrease in revenue from regions outside Hong Kong. During the year, the Group had business suspension of 20 days in Hong Kong and in a range of 5 to 61 days in mainland China. The contribution from the aesthetic medical business continued to be our core business for the year, contributing to around 77.4% as measured by the value of sale contract. The average spending per client also maintained at a high level, with average spending for aesthetic medical and medical businesses reaching HK$28,026 and HK$23,451 respectively.

Revenue breakdown by region:

	Year ended 31 March		
	2023	2022	% Change
	HK$million	HK$million	
Hong Kong	**1,040.1**	975.1	+6.7%
Regions outside Hong Kong	**349.2**	374.9	(6.9%)
	1,389.3	1,350.0	+2.9%

Value of sale contract by service type:

	Year ended 31 March	
	2023	2022
	%	%
Aesthetic Medical	**77.4**	66.0
Medical	**10.6**	17.4
Beauty and Wellness	**12.0**	16.6
	100.0	100.0

Customers Spending Pattern:

	Year ended 31 March		
	2023	2022	Change
Average Spending per Client (Note) (HK$)			
— Aesthetic Medical	**28,026**	26,149	+7.2%
— Medical	**23,451**	29,162	(19.6%)
— Beauty and Wellness	**9,507**	9,371	+1.5%

Note: Exclude Singapore operation which newly established in FY2022.

Management Discussion and Analysis

As reported earlier, the Group has taken a live within your means approach towards the cost control and resource deployment to minimise the impact of Covid outbreak to the Group's profitability. In essence, the employee benefit expenses increased by 14.0% to HK$470.6 million (FY2022: HK$412.7 million), as we continued to recruit enough talents for future growth and the lower employee expenses in relation to the suspension of operation in Hong Kong in the last quarter in FY2022. The marketing expenses decreased by 17.4% to HK$150.8 million (FY2022: HK$182.6 million), as a result of the control in advertising and promotional campaign. The rental lease related expenses (note 1) increased by 5.6% to HK$174.0 million (FY2022: HK$164.7 million), due to favourable impact on temporary rental concessions in last year.

Key Cost Components:

	Year ended 31 March		
	2023	2022	% Change
	HK$'000	HK$'000	
Cost of inventories and consumables	**32,499**	28,321	+14.8%
Employee benefit expenses	**470,570**	412,677	+14.0%
Marketing expenses	**150,846**	182,633	(17.4%)
Depreciation of property, plant and equipment	**86,264**	76,988	+12.0%
Rental lease related expenses [Note 1]	**173,965**	164,744	+5.6%
Other operating expenses	**118,829**	116,913	+1.6%
	1,032,973	982,276	+5.2%

Note 1: The rental lease related expenses include "depreciation of right-of-use assets", "expenses related to short term leases of stores and offices", "interest expenses on lease liabilities" and "building management fee".

At earnings before interest, tax and depreciation of property, plant and equipment ("EBITDA") level, the EBITDA increased by 2.7% to HK$482.3 million (FY2022: HK$469.5 million), representing the EBITDA margin of 34.7% for the year (FY2022: 34.8%). The operating profit increased by 0.9% to HK$396.1 million (FY2022: HK$392.5 million), representing an operating profit margin of 28.5% (FY2022: 29.1%). Profit attributable to equity holders of the Company was HK$315.6 million, increased by 3.4% year-on-year (FY2022: HK$305.2 million), representing an increase of 0.1% in net profit margin of 22.7% for FY2023 (FY2022: 22.6%). Basic earnings per share was HK25.3 cents (FY2022: HK24.8 cents).

Dividend and Share Buyback

For the year under review, the Board recommends the payment of a final and special dividend of HK12.3 cents and HK4.7 cents per share respectively to shareholders whose names appear on the register of members of the Company as at 22 August 2023. Together with the interim dividend of HK13.0 cents per share, the total dividend per share is expected to be HK30.0 cents per share for the full year, representing a total dividend payout ratio of 118.6%.

Management Discussion and Analysis

During the year, the Company has bought back a total of 2.5 million shares, equivalent to approximately HK$10.0 million, in the market to further reward and compensate to the shareholders for their continuous support and trust. In addition, the management has also increased their shareholdings in the Company by an aggregate of 1.3 million shares during the year, equivalent to HK$4.6 million.

BUSINESS OVERVIEW

Hong Kong Operation

In the last three years, the Group has suffered from a series of lockdown and suspension of business in Hong Kong following the outbreak of a couple of waves of pandemic since year 2020, which severely weighed on our business development. The Government has shed light on the road to recovery in April 2022 following the easing of some of the stringent restrictions, paving the way for gradual reopening of Hong Kong to the world. The lifting of the travel restriction in December 2022 and the mandatory mask-wearing requirements in March 2023 has put to a complete end towards the restrictive policy and the resumption to normalcy is expected to provide much support to the battered economy in Hong Kong. Various stimulus measures have been introduced by the Government since then in order to boost international travel and consumer confidence in the region. While there has been a dramatic increase in influx of tourists into Hong Kong in the last quarter of the fiscal year, we expect to take some time for Hong Kong's inhabitants to return to a normal life and to overcome a cautious spending behaviour arising from the economic instability in the last few years.

Revenue from Hong Kong operation increased by 6.7% to HK$1,040.1 million (FY2022: HK$975.1 million), representing a significant rebound from a revenue decrease of 21.5% during the first half year, mainly attributed to the gradual pick up in shop traffic and utilisation in the second half year, compensated the business suspension for 20 days in April 2022 and slower recovery in the first half year. As of 31 March 2023, the Group has a well-established network of service centres in Hong Kong covering a total of 189,000 square feet. Currently, revenue from Hong Kong operation accounted for 74.9% (FY2022: 72.2%) of the Group's revenue. In terms of operating profit, the Group has delivered a stable operating profit margin year-on-year in Hong Kong, thanks to the regain of sales momentum in Hong Kong in the second half year and the experience learnt throughout the last three years on expense control.

Aesthetic Medical Business

Our ecosystem fosters a combination of aesthetic medical and healthcare management services in Hong Kong, aiming to take care the beauty and health elements of our customers throughout their lifecycle. In the past three years, the Group has been a fast mover in Hong Kong with our service area increasing substantially from 125,000 square feet in March 2020 to 189,000 square feet in March 2023. This early investment in service centres under a cheaper rental rate in the pandemic plays an important role towards our organic development in Hong Kong. In the second half year, we observed a progressive improvement in shop traffic and utilisation and the gradual return of new customers in Hong Kong, which positively affecting our profitability in Hong Kong in this year.

During the year, the Group has kept a tight control on its marketing budget to match with the revenue fluctuation. Marketing campaign was launched progressively towards the latter part of the year at online and offline social media following the reopening of Hong Kong to capture the resumption in consumer spending.

Medical Business

As for the medical business, our offering comprises a range of supplementary healthcare management services including hair growth treatment, pain treatment, health screening service and others, to fully collaborate with our aesthetic medical services to form a full range of care towards a customers' lifecycle. During the year, performance was satisfactory as we witnessed an improved utilisation and increasing customer enquiries following the reopening of Hong Kong economy.

3 MAJOR BUSINESS SECTORS

Medical Beauty

Hair Growth Specialty

Pain Management Specialty

Regions outside Hong Kong

Revenue from regions outside Hong Kong decreased by 6.9% to HK$349.2 million (FY2022: HK$374.9 million), owing to the loss of revenue in mainland China throughout the year impacted by the pandemic outbreak in different cities, but helped by the promising results in both Australia and Singapore as we continued to reinforce our presence in the international landscape. Currently, revenue from regions outside Hong Kong accounted for 25.1% (FY2022: 27.8%) of the Group's revenue.

Mainland China and Macau

The ongoing pandemic in the last three years wreaked havoc on the economy in the mainland China. With the implementation of stringent pandemic control and the restrictive movement measures, operations were severely impaired for the most part of the fiscal year. The Government has officially lifted the zero-Covid policy in December 2022 in mainland China, with a view to restoring the economic growth. While it suffered from widespread infection and slow recovery initially, we have witnessed a gradual economic recovery and a substantial rebound in foot traffic since January 2023, enhancing our confidence in further expansion in the mainland China in the coming future.

In FY2023, the Group is glad to report that our business in mainland China recorded a healthy profit throughout the whole year amid the poor economic situation, demonstrating our time-proven business model and long history of establishment since we first entered into China in 2009. Amid the pandemic situation in China, the Group has been selective on shop openings especially when staff training, renovation and customers visit are all unpredictable and difficult. During the year, three shops have been added in Guangzhou, Shanghai and Beijing to strengthen our presence.

Australia and Singapore

In FY2023, our expansion into Australia and Singapore bears fruit since we first entered into the international landscape in year 2020. In particular, our strategy to serve the Asian aesthetic market in Singapore has been outstanding since its establishment in July 2021. With much similarities between the Hong Kong and Singapore market, we are confident in further expansion in the Singapore market in future. For Australia, employee expense was heightened as we continued to cultivate enough talents and specialists for further expansion.

As of 31 March 2023, the Group has an extensive network in mainland China, Macau, Sydney, Melbourne and Singapore, covering a gross service area of approximately 105,000 square feet.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group continues to maintain a strong financial position with bank and cash balance of HK$656.8 million as at 31 March 2023 (FY2022: HK$454.4 million), without external bank borrowing. The total equity of the Group as at 31 March 2023 was HK$612.3 million (FY2022: HK$494.3 million). The Group generally finances its operation with internally generated cash flows. The Group's gearing ratio as at 31 March 2023 was nil (FY2022: nil), based on the short-term and long-term interest bearing bank borrowings and the equity attributable to equity holders of the Company. As at 31 March 2023, the Group had net current assets of approximately HK$231.5 million (FY2022: net current liabilities of HK$14.8 million).

Net cash generated from operating activities during the year was HK$560.6 million (FY2022: HK$513.9 million). With the abundant bank and cash balances on hand, the Group's liquidity position remains strong and it has sufficient financial resources to fund its future expansion and acquisition plans but at the same time to meet its working capital requirement.

Capital Expenditure

The total capital expenditure incurred by the Group during the year ended 31 March 2023 amounted to HK$20.2 million, which were mainly used in leasehold improvement and equipment in connection with the expansion of service network.

Capital Commitments

Please refer to Note 34 to the financial statements for details of capital commitments.

Contingent Liabilities

As at 31 March 2023, the Group did not have any significant contingent liabilities.

Foreign Exchange Exposure

The Group principally engages its business operation in Hong Kong, Macau, Mainland China, Australia and Singapore. The Group has subsidiaries operating in Mainland China, Macau, Australia and Singapore, in which most of their transactions are denominated and settled in Chinese Renminbi ("RMB"), Macau Patacas ("MOP"), Australian dollars ("AUD") and Singapore dollar ("SGD"). In respect of transactions settled in RMB, MOP, AUD and SGD, the Group did not have significant exposure to foreign exchange rate risk during the year due to the transactions being generally denominated in the functional currency of the respective group companies. The Group has not entered into any foreign exchange contract as hedging measures.

Treasury Policies

The Group adopts a prudent approach in the treasury and investment activities. The Group's surplus funds are mainly invested in fixed and saving deposits in renowned banks as well as listed equity securities in Hong Kong as long-term investments. The Board will continue to review the Group's investment portfolio, implement strict risk control to minimise the impact of market volatility and closely monitor the performance of its investments from time to time in order to reduce the possible financial risk related to its investments and maximise value for the Shareholders.

As at 31 March 2023, the Group pursued a green development to place HK$214.0 million in bank green deposits with the aim of supporting green and sustainable projects.

Charges on the Group's Assets

As at 31 March 2023, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits as set out in Note 25.

Employees and Remuneration Policies

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success. Maintaining the quality of service from our well-skilled professionals is crucial in strengthening our competitiveness.

The Group employed a total work force of 1,317 employees as at 31 March 2023 (FY2022: 1,414 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The Group has been constantly reviewing staff remuneration package to ensure it is competitive with relevant industries.

PROSPECTS

For the year ahead, the business environment is expected to be less volatile after the cessation of social distancing measures in Hong Kong and mainland China. With the Government tilting towards business growth this year, we expect a brighter operating environment fueled by resumption of local spending in all of our operating regions and the pent-up demand from tourists from mainland China in Hong Kong. The rebound in the sales momentum will usher in a new phase of development in Hong Kong, as well as in the Greater Bay Area and other parts of mainland China and overseas. In the post-pandemic era, we remained steadfast in our core strategy of "Healthcare + Medical Beauty" to satisfy the individual needs of the consumers.

In Hong Kong, the Government has launched a massive publicity campaign "Hello Hong Kong" to attract tourists and business visitors alike from around the world. Encouraging trends has been witnessed in recent months in terms of retail sales growth and the dramatic increase in tourism, strengthening our confidence in future development. In the coming year, the Group will further increase our market penetration through different store formats to reinforce our market leadership position in Hong Kong.

In mainland China, following the end of zero-Covid policy in December 2022, customers' visit has normalised and is expected to return to around pre-Covid level in foreseeable future. The Company will be cautiously expanding our geographical coverage and replicating our success in the Greater Bay Area and Eastern China in the coming years, taking advantage on our lean and efficient business model.

For the international expansion, the better performance in Singapore and Australia enhanced our confidence in future development in other overseas countries. The Group will proceed with its international business development in a prudent and steady manner with relentless dedication to customer satisfaction. We will continue to focus on providing quality services that serves our customers well and enhance our brand awareness.

DIVIDENDS

The Directors recommended a payment of a final and special dividend of HK12.3 cents and HK4.7 cents per share respectively for the year ended 31 March 2023 subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 11 August 2023 (the "AGM") to the Shareholders whose names appear on the register of members of the Company on Tuesday, 22 August 2023. After taking into account an interim dividend of HK13.0 cents per share, a total annual dividend for the year ended 31 March 2023 will amount to HK30.0 cents per share.

SIGNIFICANT INVESTMENTS

The information of the Group's significant investments held at 31 March 2023 stated in this annual report is as follow:

(a) Listed equity securities in Hong Kong

Stock code	Name of investment	Principal business	Nature of investment	Number of shares	Percentage of total share capital	Investment cost HK$'000	Fair value as at 31.3.2022 HK$'000	Fair value as at 31.3.2023 HK$'000	Unrealised (gains)/ losses on change in fair value during the Year HK$'000	Dividend received HK$'000	Percentage to the Group's total assets
11	Hang Seng Bank Limited	Mainly engaged in the banking business	Investment in shares	50,000	0.0026%	8,554	7,545	5,585	1,960	205	0.43%
66	MTR Corporation Limited	Principally engaged in railway operation	Investment in shares	200,000	0.0032%	9,670	8,454	7,570	884	430	0.58%
388	Hong Kong Exchanges and Clearing Limited	Principally engaged in operation the only Stock Exchange in Hong Kong	Investment in shares	40,000	0.0032%	20,088	14,827	13,928	899	355	1.07%
700	Tencent Holdings Limited	Principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services	Investment in shares	110,000	0.0011%	56,520	41,082	42,438	(1,356)	185	3.27%
0005	HSBC	Principally engaged in banking business	Investment in shares	120,000	0.0006%	6,451	6,491	6,384	107	250	0.49%
3690	Meituan	Principally engaged in the provision of a platform using technology to connect consumers and merchants	Investment in shares	91,000	0.0016%	25,546	14,132	13,058	1,074	1,539	1.01%
						126,829	92,531	88,963	3,568	2,964	

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this report, there was no material acquisition and disposal processed by the Group during FY2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group had no other future plans for material investments or capital assets.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Au-Yeung Kong ("Dr. Au-Yeung"), aged 51, was appointed as an executive director, the chairman and the chief executive officer of the Company on 11 March 2011. He is also member of each of the remuneration committee and nomination committee of the Company. He is also the director of a number of subsidiaries of the Company. He is principally responsible for the overall management, strategic development and major decision-making. Dr. Au-Yeung founded the Group in 2003 and has strong and solid management and operation experience in medical and aesthetic medical industry. Dr. Au-Yeung graduated from The Chinese University of Hong Kong with a bachelor's degree in medicine and surgery in 1995. Dr. Au-Yeung is a registered practicing medical practitioner in Hong Kong. Dr. Au-Yeung is the brother of Ms. Au-Yeung Wai and Ms. Au-Yeung Hung.

Ms. Au-Yeung Wai, aged 54, was appointed as an executive director of the Company on 11 March 2011. She is also member of each of the remuneration committee and nomination committee of the Company. She is also the director of a number of subsidiaries of the Company. She oversees the daily operation of the Company to ensure it is under normal function. Ms. Au-Yeung Wai graduated from City University of Hong Kong with a bachelor degree of arts in accountancy in 1991 and obtained a master's degree in business studies in the Faculty of Social Sciences at The University of Kent at Canterbury in 1995. Since her graduation, she has accumulated many years of experience in the business field. After joining the Group in 2004 as the general manager, Ms. Au-Yeung Wai has strong and solid experience in medical and aesthetic medical industry. Ms. Au-Yeung Wai is the sister of Dr. Au-Yeung and Ms. Au-Yeung Hung.

Ms. Au-Yeung Hung, aged 59, was appointed as an executive director of the Company on 11 March 2011. She is also the director of a number of subsidiaries of the Company. Ms. Au-Yeung Hung is principally responsible for the operational management of the service centres of the Group. Ms. Au-Yeung Hung graduated from the University of Southern Queensland with a bachelor degree in business administration in 1992. Ms. Au-Yeung Hung joined the Group in 2005 as the sales and marketing manager, and has strong and solid experience in medical and aesthetic medical industry. Ms. Au-Yeung Hung is the sister of Dr. Au-Yeung and Ms. Au-Yeung Wai.

Mr. So Hin Lung ("Mr. So"), aged 46, was appointed as an executive director, a member of each of the nomination committee and the remuneration committee of the Company on 28 September 2022. He is the chief financial officer, company secretary and the authorised representative under the Listing Rules of the Company and is responsible for overseeing the finance and accounting, internal control, corporate governance and regulatory compliance of the Company. Mr. So joined the Group in March 2011. Mr. So obtained an executive master degree of business administration from the Chinese University of Hong Kong in 2015 and a master degree of corporate finance from the Hong Kong Polytechnic University in 2013. Mr. So is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining our Group, Mr. So worked with Deloitte Touche Tohmatsu as an audit manager. He has over 18 years of experience in auditing, accounting and corporate finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Hsu Wai Man, Helen ("Ms. Hsu"), aged 53, was appointed as an independent non-executive director of the Company on 5 December 2011. She is also the chairman of the audit committee of the Company and member of each of the remuneration committee and nomination committee of the Company. Ms. Hsu has more than 20 years' experience in accounting. Ms. Hsu graduated from The Chinese University of Hong Kong with a bachelor degree in business administration. Ms. Hsu had been working with Ernst & Young for 18 years and was a partner of Ernst & Young before she retired from the firm in February 2011. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

Ms. Hsu is currently an independent non-executive director of Richly Field China Development Limited (stock code: 313), China Display Optoelectronics Technology Holdings Limited (stock code: 334), Beijing Gas Blue Sky Holdings Limited (stock code: 6828), all of them are listed on the Main Board of the Stock Exchange and Perfect Optronics Limited (stock code: 8311), a company listed on GEM of the Stock Exchange.

Ms. Hsu was an independent non-executive director of Harmonicare Medical Holdings Limited (stock code: 1509) from August 2020 to March 2021, a company which was canceled listing on the Main Board of the Stock Exchange on 25 March 2021.

Mr. Chi Chi Hung, Kenneth ("Mr. Chi"), aged 54, was appointed as an independent non-executive director of the Company on 5 December 2011. He is also the chairman of the remuneration committee of the Company and member of each of the audit committee and nomination committee of the Company. Mr. Chi has more than 24 years of experience in accounting and financial control. He holds a Degree of Bachelor of Accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrator in the United Kingdom.

Mr. Chi is currently an independent non-executive director of Hong Kong ChaoShang Group Limited (stock code: 2322), a company listed on the Main Board of the Stock Exchange.

Mr. Chi was an executive director of DeTai New Energy Group Limited (stock code: 559) from January 2010 to March 2020, and an independent non-executive director of Greentech Technology International Limited (stock code: 195) from October 2012 to April 2020, both companies are listed on the Main Board of Stock Exchange. Mr. Chi was also an independent non-executive director of Union Asia Enterprise Holdings Limited (stock code: 8173) (currently known as Hephaestus Holdings Limited) from November 2019 to March 2022, a company listed on GEM of the Stock Exchange.

Ms. Cho Yi Ping ("Ms. Cho"), aged 45, was appointed as an independent non-executive director of the Company on 14 August 2015. She is also the chairman of the nomination committee of the Company, and member of each of the audit committee and remuneration committee of the Company. Ms. Cho is a practicing solicitor in Hong Kong and a partner of Messrs. Wong & Tang Solicitors. She obtained a bachelor degree of laws from The University of Hong Kong in 2000. Ms. Cho is currently the company secretary of DaChan Food (Asia) Limited (stock code: 3999), a company listed on the Main Board of the Stock Exchange.

Corporate Governance Report

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During year ended 31 March 2023, the Company has complied with the CG Code as set out in Appendix 14 to the Listing Rules, except the issues mentioned in the following paragraphs:

According to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the year ended 31 March 2023, Dr. Au-Yeung Kong is both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO"); therefore, the Group does not at present separate the roles of the Chairman and the CEO.

The Board considered that Dr. Au-Yeung Kong has in-depth knowledge and experience in the medical and aesthetic medical industry and is the appropriate person to manage the Group. Therefore, the roles of the Chairman and the CEO performed by the same individual, Dr. Au-Yeung Kong, is beneficial to the business prospects and management of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2023.

BOARD OF DIRECTORS

Composition of the Board of Directors

As at 31 March 2023, the Board comprises four executive Directors and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Dr. Au-Yeung Kong *(Chairman and Chief Executive Officer)*
Ms. Au-Yeung Wai
Ms. Au-Yeung Hung
Mr. So Hin Lung (appointed on 28 September 2022)

Independent Non-executive Directors

Ms. Hsu Wai Man, Helen
Mr. Chi Chi Hung, Kenneth
Ms. Cho Yi Ping

The biographical details of all Directors are set out on pages 26 to 27 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication or by way of written resolution in accordance with the Company's articles of association (the "Articles of Association"). All minutes of Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2023, the Board passed several written resolutions and held 8 meetings and 2 general meetings. Details of the attendance of Directors are as follows:

	Attendance/ Number of General Meetings entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Dr. Au-Yeung Kong *(Chairman and Chief Executive Officer)*	2/2	8/8
Ms. Au-Yeung Wai	2/2	8/8
Ms. Au-Yeung Hung	2/2	8/8
Mr. So Hin Lung (appointed on 28 September 2022)	0/0	2/2
Independent Non-executive Directors		
Ms. Hsu Wai Man, Helen	2/2	8/8
Mr. Chi Chi Hung, Kenneth	2/2	8/8
Ms. Cho Yi Ping	2/2	8/8

During the year ended 31 March 2023, the management prepared monthly updates which were circulated to all members of the Board on a monthly basis in accordance with the code provision D.1.2 of the CG Code.

Directors' Appointment, Re-election and Removal

Each of Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung has entered into a service agreement with the Company for a term of three years commencing from 10 February 2021, and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Mr. So Hin Lung has entered into a service contract with the Company for a term of three years commencing from 28 September 2022, and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Ms. Hsu Wai Man, Helen and Mr. Chi Chi Hung, Kenneth have entered into a letter of appointment with the Company for a term of three years commencing from 10 February 2021 until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

Ms. Cho Yi Ping has entered into a letter of appointment with the Company for a term of three years commencing from 14 August 2021 until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

By virtue of article 83(3) of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or additional to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision B.2.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) of the Listing Rules. Furthermore, among the three independent non-executive Directors, Ms. Hsu and Mr. Chi have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmation, considers all independent non-executive Directors to be independent.

According to the code provision C.2.7 of the CG Code, the chairman should at least annually hold a meeting with the independent non-executive directors without the presence of other directors. The Company complied the code provision C.2.7 of the CG Code that the chairman of the Board met the independent non-executive Directors without the presence of the executive Directors.

Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Au-Yeung Kong being the Chairman and CEO of the Company provides leadership to the Board ensuring that members of the Board receive accurate, timely and clear information to help them reach well-informed and well-considered decisions.

The Chairman encourages other Directors to make a full and active contribution to the Board's affairs and ensuring that it acts in the best interests of the Group; encourages every Director with different views to voice their concerns; allows sufficient time for discussion of issues and ensuring that Board decision fairly reflect Board consensus; provides effective communication with Shareholders and that their views are communicated to the Board as a whole; promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular; ensures constructive relations between executive Directors and non-executive Directors; ensures good corporate governance practices and procedures are established; and manages the day-to-day business of the Company.

The Board believes that vesting the roles of both Chairman and CEO in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some directors' training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on the directors' training. During the year ended 31 March 2023, all the Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Directors	Topic on training covered (Note)
Executive Directors	
Dr. Au-Yeung Kong	a, b
Ms. Au-Yeung Wai	a, b
Ms. Au-Yeung Hung	a, b
Mr. So Hin Lung (appointed on 28 September 2022)	a, b, d
Independent Non-executive Directors	
Ms. Hsu Wai Man, Helen	a, b, c, d
Mr. Chi Chi Hung, Kenneth	a, b, d
Ms. Cho Yi Ping	a, b, c, d

Note:

(a) Corporate governance

(b) Regulatory

(c) Management

(d) Finance

REMUNERATION PAID TO MEMBERS OF KEY MANAGEMENT

Details of remuneration paid to members of key management (including all Directors and senior management as disclosed in section headed "Biographical Details of Directors and Senior Management" of this annual report) for the year ended 31 March 2023 fell within the following bands:

	No. of members of key management
Nil–HK$1,000,000	3
HK$1,000,001–HK$5,000,000	3
Over HK$5,000,000	1

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012, 15 January 2016 and 28 December 2018 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the financial reporting process and risk management and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

The Audit Committee comprises three independent non-executive directors, namely, Ms. Hsu Wai Man, Helen, Mr. Chi Chi Hung, Kenneth and Ms. Cho Yi Ping. Ms. Hsu Wai Man, Helen is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the risk management, internal control and financial reporting matters, including reviewing the financial statements and annual results for the year ended 31 March 2023.

During the year ended 31 March 2023, the Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2022, the unaudited consolidated financial statements for the six months ended 30 September 2022, the internal control and corporate governance issues related to financial reporting of the Company and also recommended to the Board for the re-appointment of the auditor of the Company for the Year. The Audit Committee held 3 meetings. Details of the attendance of members of the Audit Committee meetings are as follows:

	Attendance
Ms. Hsu Wai Man, Helen *(Chairman)*	3/3
Mr. Chi Chi Hung, Kenneth	3/3
Ms. Cho Yi Ping	3/3

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012 and 14 February 2023 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Chi Chi Hung, Kenneth, Ms. Hsu Wai Man, Helen and Ms. Cho Yi Ping and three executive Directors, namely, Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Mr. So Hin Lung. Mr. Chi Chi Hung, Kenneth is the chairman of the Remuneration Committee.

During the year ended 31 March 2023, the Remuneration Committee had passed several written resolutions and held 2 meetings to review and make recommendations on the grant of options to the Directors and the remuneration packages of all the Directors and newly appointed Director. During the year, there were no material matters relating to the share schemes of the Company which required review or approval by the Remuneration Committee. Details of the attendance of members of the Remuneration Committee meeting are as follows:

	Attendance
Mr. Chi Chi Hung, Kenneth *(Chairman)*	2/2
Ms. Hsu Wai Man, Helen	2/2
Ms. Cho Yi Ping	2/2
Dr. Au-Yeung Kong	2/2
Ms. Au-Yeung Wai	2/2
Mr. So Hin Lung (appointed on 28 September 2022)	0/0

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages which include basic salaries and discretionary bonuses.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and the remuneration packages of individual executive Directors and senior management.

The Share Option Scheme was adopted by the Shareholders at the annual general meeting of the Company held on 13 August 2021. The terms of the Share Option Scheme are complied with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company become aligning, thereby providing the eligible persons with additional incentives to improve the Company's performance.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012, 25 June 2013 and 28 December 2018 respectively in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession, assess the independence of independent non-executive Directors and review the board diversity policy of the Company (the "Board Diversity Policy").

The Nomination Committee comprises three independent non-executive Directors, namely, Ms. Cho Yi Ping, Mr. Chi Chi Hung, Kenneth and Ms. Hsu Wai Man, Helen, and three executive Directors, namely, Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Mr. So Hin Lung. Ms. Cho Yi Ping is the chairman of the Nomination Committee.

During the year ended 31 March 2023, the Nomination Committee held 2 meetings to review the structure, size, composition and diversity of the Board, review the Board Diversity Policy, assess the independence of independent non-executive Director, review the re-election of retiring Directors, make recommendation on nomination and re-appointment of Directors and discuss the roles of the Chairman and the CEO. Details of the attendance of members of the Nomination Committee are as follows:

	Attendance
Ms. Cho Yi Ping *(Chairman)*	2/2
Mr. Chi Chi Hung, Kenneth	2/2
Ms. Hsu Wai Man, Helen	2/2
Dr. Au-Yeung Kong	2/2
Ms. Au-Yeung Wai	2/2
Mr. So Hin Lung (appointed on 28 September 2022)	0/0

DIRECTOR NOMINATION POLICY

Director Nomination Policy of the Group (the "Nomination Policy") is in place and was adopted in writing in the year taking into consideration the revised Listing Rules effective from 28 December 2018. The Nomination Policy sets out the procedures, process, and criteria for identifying and recommending candidates for election to the Board.

BOARD DIVERSITY POLICY

During the year ended 31 March 2023, the Nomination Committee had reviewed the Board Diversity Policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Board currently comprises of seven Directors, four of which are females. Our diversity philosophy is to avoid a single gender Board. Two of our Directors is in the age group of 40–49 and five in the age group of 50–59. The background of our Directors including medical and surgery, business, import and export business administration, accounting and financial control and law. In view of these, the Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge.

In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Financial Statements

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2023, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

A statement by the auditor of the Company regarding their reporting responsibilities is set out on pages 61 to 67 of this annual report.

Auditor's Remuneration

During the year ended 31 March 2023, there is no remuneration paid or payable to the Company's auditor, PricewaterhouseCoopers in respect of non-audit services. The remuneration paid or payable to the Company's auditor in respect of the audit services is as follow:

	HK$'000
Audit services	1,985
Non-audit services	15
Total	2,000

There is no disagreement between the Board and the Audit Committee on the re-appointment of the independent auditor, and they both have agreed to recommend the re-appointment of PricewaterhouseCoopers as the Company's independent auditor for the ensuing year at the forthcoming AGM.

CORPORATE GOVERNANCE FUNCTIONS

According to code provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to enhance the corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

During the year ended 31 March 2023, the Board had reviewed the policies and practices of the Company relating to the CG Code and the corporate governance report of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board recognises that corporate governance and environmental, social and governance ("ESG") are complementary, with corporate governance inextricably linked to good governance of environmental and social issues. The Company's business, from day-to-day operations to aspects of commercial viability, including but not limited to brand and reputation, and stakeholder capitalism, are all relating to corporate governance and ESG. The management of issues relating to how an organisation interacts with the environment, its own people and the communities in which it operates all tie in with how the organisation is governed. Taken together, corporate governance and ESG demonstrate how a business ought to be managed and operated, while simultaneously taking into consideration environmental and social risks or impacts. The Company acknowledged that good corporate governance practices are not only a prerequisite for managing ESG issues, but provide the bedrock for managing environmental and social risk and ensuring there is accountability and ownership at the highest level of the business.

During the year ended 31 March 2023, the Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, strategic, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During the year ended 31 March 2023, the Group appointed BT Corporate Governance Limited ("BTCGL") to:

- assist in identifying and assessing the risks of the Group through discussions and interviews with the management of the Group; and

- independently perform internal control review and assess the effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTCGL to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCGL as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management — Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

Our Risk Control Mechanism

The Group adopts a "three lines of defense model" corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit team and the professional annual review conducted by BTCGL. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Group's internal audit function is performed by an internal audit team, which consisted of professional staff with relevant expertise, such as Certified Public Accountant, which provides its findings and recommendations for the improvement to the Audit Committee. Nevertheless, the Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

COMPANY SECRETARY

Mr. So has been appointed as the company secretary of the Company since March 2011 and he has taken no less than 15 hours of relevant professional training for the year ended 31 March 2023.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner and on a regular basis information of the Group to Shareholders.

The Company uses a number of formal communications channel to account to Shareholders and investors for the performance of the Company. These include (i) the publications of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website at www.perfectmedical.com offering the latest information relating to the Group and its business; and (v) the Company's branch share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Board has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The shareholders' communication policy of the Company aims to promoting effective communication with the Shareholders and other stakeholders; encouraging the Shareholders to engage actively with the Company; and enabling the Shareholders to exercise their rights as shareholders effectively. To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established several channels to communicate with the shareholders as follows:

(i) Corporate communication of the Company, including but not limited to, the directors' report and annual accounts together with a copy of the auditor's report; the interim report; a notice of meeting; a listing document; a circular and proxy form, will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely and consistent manner as required by the Listing Rules;

(ii) The Company shall publish announcements (on price sensitive information, corporate actions and transactions etc.) and other documents on the Stock Exchange's website in a timely manner in accordance with the Listing Rules;

(i) Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.perfectmedical.com) under the "Investor Relations" section; and

(ii) The annual general meeting and other general meetings of the Company are primary forum for communication by the Company with its Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings.

During the year under review, the Board reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

SHAREHOLDERS RIGHTS

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision F.2.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the Article of Association, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at 51st Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

INVESTOR RELATIONS AND CORPORATE COMMUNICATION

The management of the Company is committed to meet with Shareholders, institutional investors, research analyst and financial media on a regular basis and provide timely update on the financial and business performance and recent development of the Company. A dedicated Investor Relations section is also available on the Company's website.

Investors are welcome to direct their enquiries to the Company's Investor Relations Department at:
Tel: (852) 2770 2099
Email: ir@perfectmedical.com

During the financial year, the Company has conducted 172 meetings (FY2022: 88 meetings) with over 520 institutional investors (FY2022: 240 institutional investors) and research analysts in Hong Kong and elsewhere. One-on-one, telephone conferences, roadshows, media interview, marketing activities for investors and specialist industry forums are conducted from time to time in order to facilitate two-way communication between the Company, Shareholders and investment community.

CONSTITUTIONAL DOCUMENT

During the year under review, the amended and restated Memorandum and Articles of Association was adopted by the shareholders of the Company in the annual general meeting of the Company held on 12 August 2022 for the purpose of, allowing Directors and shareholders of the Company to attend general meetings by online means, and conforming to the current revised requirements of the Listing Rules (in particular the cores standards set out in Appendix 3 thereto) and the Cayman Islands Companies Act. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2023.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is 51st Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the provision of medical and aesthetic medical services. Other particulars of the subsidiaries of the Company are set out in Note 37 to the consolidated financial statements.

RESULTS

The profit of the Group for the year ended 31 March 2023 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 68 to 72 of this annual report.

DIVIDEND

The Directors recommended a payment of a final and special dividend of HK12.3 cents and HK4.7 cents per share respectively for the year ended 31 March 2023 subject to the approval of the Shareholders at the AGM to the Shareholders whose names appear on the register of members of the Company on Tuesday, 22 August 2023. After taking into account an interim dividend of HK13.0 cents per share, a total annual dividend for the year ended 31 March 2023 will amount to HK30.0 cents per share.

DIVIDEND POLICY

The Company has adopted a dividend policy which aims sets out principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

BUSINESS REVIEW AND COMMENTARY

Business Review

The business review, including an analysis of the Group's performance during the year ended 31 March 2023 using financial key performance indicators and an indication of likely future development in the Group's business, is set out in the "Management Discussion and Analysis" on pages 12 to 25 of this annual report. This discussion forms part of this "Directors' Report".

Compliance with Relevant Laws and Regulations

It is the responsibility of the Board to ensure all operations in the Group are adhered to applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the year ended 31 March 2023, the Group has complied with the provisions of the Personal Data (Privacy) Ordinance to ensure that all personal data collected will be treated confidentially and for specific purposes only. As far as the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations that have a significant impact on the Group's business and operation by the Group.

Principal Risks and Uncertainties

Downside risks have been increased since there is slowing growth in emerging markets as to the global economic conditions has been weaker than expected. The continuing downturn economy may affect the results of operations and financial performance of the Group adversely. To ease its negative impact on the Group's financial position, the Group pursues to enhancing marketing strategies, intensifying cost controlling measures and adopting cautious network diversification plan on points of sales.

Changes in government policies, relevant regulations and guidelines established by the regulatory authorities would have an impact on the business operation of the Group. Failure to comply with the rules and requirements may lead to penalties or suspension of the business operation by the authorities. The Group has closely monitored changes in government policies, regulations and markets as well as assessing the impact of such changes.

The Group will closely monitor any signs of these occurrence and all departments of the Group will be involved in identifying, assessing and evaluating risks relating to their operational scope.

Environmental Protection Policy and Performance

The Group recognises its responsibility to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group has adopted effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been implemented in the Group's offices and beauty centres. Details on Perfect Medical's strategies, efforts and performance with respect to environmental, social and governance (ESG) for the year ended 31 March 2023 are available in the Group's ESG Report, which is available on the websites of the Company and the Stock Exchange.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

The Group has been constantly reviewing staff remuneration package, training and occupational health and safety to ensure it is competitive with relevant industries. The Group also regards the personal development of its employees as highly important and strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

Customers

The Group maintains a good relationship with its customers. The Group has strengthened relationships with the customers while cultivating relationships with potential customers and has established long-term co-operation relationships with many customers. Such stellar performance can be attributed to our strong capability of responding to customers' needs on physical and psychological level. As we seek to provide our customers with all of their health and high technology beauty needs under one roof, we created mega centres in Hong Kong. In this way, it has allowed us to better serve our customers, as well as enabled us to centralise personnel, equipment and resources, resulting in greater efficiency.

Suppliers

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers. The Group has developed long-standing co-operation relationships with the Group's suppliers and taken great care to ensure that they can share our commitment to product quality and morality. The Group carefully selected suppliers and required them to satisfy certain assessment criteria, including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8 August 2023 to Friday, 11 August 2023 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 7 August 2023.

The proposed final and special dividend is subject to the approval of the Shareholders at the AGM. The record date for the proposed final and special dividend is at the close of business on Tuesday, 22 August 2023. For determining the entitlement to the proposed final and special dividend, the register of members of the Company will be closed from Friday, 18 August 2023 to Tuesday, 22 August 2023 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final and special dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 17 August 2023.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 0.8% of the total sales. The top five suppliers accounted for approximately 57.7% of the total purchases for the year ended 31 March 2023. In addition, the Group's largest customer accounted for approximately 0.2% of the total sales and the Group's largest supplier accounted for approximately 16.1% of the total purchases for the year ended 31 March 2023.

During the year ended 31 March 2023, none of the Directors, or any of their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had beneficial interests in the Group's top five customers and suppliers.

DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company's reserves available for distribution represent the share premium and retained earnings amounting to approximately HK$1,160,608,000.

The Directors recommend a payment of a final and special dividend of HK12.3 cents and HK4.7 cents per share respectively for the year ended 31 March 2023.

There is no arrangement pursuant to which a Shareholder has waived or agreed to waive any dividends.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 27 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2023 and up to the date of this annual report were:

Executive Directors

Dr. Au-Yeung Kong *(Chairman and Chief Executive Officer)*
Ms. Au-Yeung Wai
Ms. Au-Yeung Hung
Mr. So Hin Lung (appointed on 28 September 2022)

Independent Non-executive Directors

Ms. Hsu Wai Man, Helen
Mr. Chi Chi Hung, Kenneth
Ms. Cho Yi Ping

By virtue of article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

By virtue of article 84 of the Articles of Association at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation, and every Director shall be subject to retirement by rotation at annual general meeting at least once every three years.

According to code provision B.2.3 of the CG Code, if an independent non-executive Director serves more than nine years, any further appointment of such independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Ms. Hsu Wai Man, Helen and Mr. Chi Chi Hung, Kenneth have been appointed as the independent non-executive Directors since 5 December 2011, they have served the Company as the independent non-executive Directors for more than nine years. The reasons why the Board believes they are still independent and shall be re-elected would be included in the papers to the Shareholders accompanying the condition for their respective re-election.

According to the above all, Dr. Au-Yeung Kong, Mr. So Hin Lung, Ms. Hsu Wai Man, Helen and Mr. Chi Chi Hung, Kenneth shall retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Biographical details of the Directors are set out in pages 26 to 27 of this annual report.

DIRECTORS' SERVICE AGREEMENT

Each of Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung has entered into a service agreement with the Company for a term of three years commencing from 10 February 2021 and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Mr. So Hin Lung has entered into a service contract with the Company for a term of three years commencing from 28 September 2022, and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Ms. Hsu Wai Man, Helen and Mr. Chi Chi Hung, Kenneth, the independent non-executive Directors, have entered into their respective letter of appointment with the Company for a term of three years commencing from 10 February 2021 until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

Ms. Cho Yi Ping, an independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 14 August 2021 until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the year ended 31 March 2023 or subsisting at the end of the year are set out below:

Share Option Scheme

The following is a summary of principal terms of the share option scheme of the Company (the "Share Option Scheme") adopted by the Shareholders at the annual general meeting of the Company held on 13 August 2021 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

(b) Participants of the Share Option Scheme

The Board may, at its absolute discretion, grant all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group.

(c) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% (the "Scheme Mandate Limit") of the total number of Shares in issue on the date on which the Adoption Date unless the Company obtains a fresh approval from its shareholders.

As at the date of this annual report, the outstanding number of options available for issue under the Share Option Scheme is 117,858,339 Shares, representing approximately 9.38% of the issued shares of the Company.

(d) The maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Where the Board proposes to grant any option to a participant who is a substantial shareholder or an independent non-executive director of the Company (or its subsidiaries), or any of their respective associates, and such option which if exercised in full, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted pursuant to the Share Option Scheme and other share option schemes of the Company (including option exercised, cancelled, and outstanding) to such participant in the 12-month period up to and including the date of grant being proposed by the Board (the "Relevant Date"): (a) representing in aggregate more than 0.1% of the total number of Shares in issue at the Relevant Date; and (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Relevant Date, in excess of HK$5,000,000, such proposed grant of options and any proposed change in the terms of options granted to a grantee who is a substantial shareholder or an independent non-executive director of the Company (or its subsidiaries) shall be approved by the shareholders of the Company by way of a poll in general meeting with all connected persons of the Company abstaining from voting in favour of the resolution at the general meeting as required under the Listing Rules.

(e) Timing for exercising option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant in its absolute discretion.

(f) Payment of acceptance of option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(g) Period of acceptance of option

An offer for the grant of options must be accepted within 28 days from the day on which such offer was made.

(h) The basis of determining the exercise price of option

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price determined by the Board in its absolute discretion and notified to a participant (which shall be stated in the offer letter) and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of the Share.

(i) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date. Accordingly, the Share Option Scheme will expire on 12 August 2031.

Details of the options movements during the year ended 31 March 2023 under the Share Option Scheme and the Share Option Scheme are as follows:

				Number of share options					
Name or category of grantees	Date of grant of options	Exercise price (HK$)	Exercise period	Balance as at 01.04.2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	Canceled during the Year	Balance as at 31.03.2023
Directors									
Dr. Au-Yeung Kong	29/08/2022 (Note 1)	HK$3.900	29/08/2022–28/08/2025 (Note 3)	—	1,282,000	1,282,000 (Note 4)	—	—	—
Ms. Au-Yeung Wai	08/07/2022 (Note 2)	HK$4.100	08/07/2022–07/07/2025 (Note 3)	—	1,219,000	1,219,000 (Note 5)	—	—	—
Ms. Au-Yeung Hung	08/07/2022 (Note 2)	HK$4.100	08/07/2022–07/07/2025 (Note 3)	—	1,219,000	1,219,000 (Note 5)	—	—	—
Total				**—**	**3,720,000**	**3,720,000**	**—**	**—**	**—**

Notes:

1. The closing price of the Shares immediately before 29 August 2022, on which those options were granted, was HK$3.89.

2. The closing price of the Shares immediately before 8 July 2022, on which those options were granted, was HK$3.98.

3. The options shall be exercisable immediately on the Date of Grant. No performance targets attached to the options.

4. The weighted average closing price of the Shares immediately before the date on which the share options were exercised by Dr. Au-Yeung Kong was HK$3.884.

5. The weighted average closing price of the Shares immediately before the date on which the share options were exercised by Ms. Au-Yeung Wai and Ms. Au-Yeung Hung was HK$4.1.

The estimate fair value of the share options granted during the year ended 31 March 2023 was approximately HK$4,237,000. The estimated fair value of the share options granted was measured using Black-Scholes option pricing model with the fair value per share option of HK$1.1389, taking into account the terms and conditions upon which the options were granted. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of a share option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of a share option.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long position in Shares

Name of Directors	Nature of interest	Number of ordinary shares	Number of underlying shares held pursuant to options	Percentage of the issued share capital of the Company (Note 2)
Dr. Au-Yeung Kong	Beneficial owner	109,442,747 (L)	—	74.53
	Interest of controlled corporation (Note 1)	827,169,021 (L)		
Ms. Au-Yeung Wai	Interest of controlled corporation (Note 1)	827,169,021 (L)	—	65.82
Ms. Au-Yeung Hung	Beneficial owner	4,132,000 (L)	—	66.15
	Interest of controlled corporation (Note 1)	827,169,021 (L)		
Mr. So Hin Lung	Beneficial owner	140,000 (L)	—	0.01

(ii) Long position in the shares of the associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Approximate percentage of shareholding
Dr. Au-Yeung Kong	Sure Sino Investments Limited	Beneficial Owner	54.65
Ms. Au-Yeung Hung	Sure Sino Investments Limited	Beneficial Owner	22.68
Ms. Au-Yeung Wai	Sure Sino Investments Limited	Beneficial Owner	22.67

(L): Long position

Notes:

1. The 827,169,021 Shares are held by Sure Sino Investments Limited, among which 159,123,029 Shares are held through its wholly-owned subsidiary Perfect Medical Charity Foundation Limited and 208,306,511 Shares are held through its wholly-owned subsidiary Earlson Holdings Limited, respectively. Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung beneficially own the entire issued share capital of Sure Sino Investments Limited. By virtue of the SFO, Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung are deemed to be interested in the 827,169,021 Shares held by Sure Sino Investments Limited.

2. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2023 (i.e. 1,256,536,771 Shares).

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2023 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

COMPETING INTEREST

During the year ended 31 March 2023, none of the Directors, management shareholders and substantial Shareholders of the Company, or their respective associate (as defined in the Listing Rules) had any interest in any business which compete or may cooperate with the business of the Group. Confirmations were provided by or obtained from the Directors and the controlling Shareholders to ensure that none of them was engaged in the competing business. The Directors and the controlling Shareholders had participated in training or reading materials to understand their obligations with respect to the competing business. The independent non-executive Directors also reviewed the controlling Shareholders' compliance with the non-competition undertakings.

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

As at 31 March 2023, other than the interests of certain Directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company (Note 2)
Sure Sino Investments Limited	Beneficial owner	459,739,481 (L)	36.58%
	Interest of controlled corporation (Note 1)	367,429,540 (L)	29.24%
Earlson Holdings Limited (Note 1)	Beneficial owner	208,306,511 (L)	16.57%
Perfect Medical Charity Foundation Limited (Note 1)	Beneficial owner	159,123,029 (L)	12.66%

(L): Long position

Notes:

1. Sure Sino Investments Limited beneficially owns the entire issued share capital of Earlson Holdings Limited and Perfect Medical Charity Foundation Limited (formerly known as Market Event Holdings Limited). By virtue of the SFO, Sure Sino Investments Limited is deemed to be interested in the 208,306,511 Shares held by Earlson Holdings Limited and 159,123,029 Shares held by Perfect Medical Charity Foundation Limited, respectively.

2. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2023 (i.e. 1,256,536,771 Shares).

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2023, the Company maintained the public float required by the Listing Rules.

DONATION

The Group made a donation of HK$288,800 during the year ended 31 March 2023 (FY2022: HK$3,634,000).

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at 31 March 2023 or at any time during the year ended 31 March 2023.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2023, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries or its parent company was a party and in which a Director had a material interest, where directly or indirectly, subsisted at 31 March 2023 or at any time during the year ended 31 March 2023.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken during the year ended 31 March 2023 are provided under Note 35 to the consolidated financial statements. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in the Listing Rules.

RETIREMENT BENEFITS SCHEMES

Particulars of retirement benefits schemes of the Group are set out in Note 14 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors to be independent.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

(a) During the year ended 31 March 2023, the Company repurchased 2,500,000 of its own shares. The total amount paid for this repurchase was HK$10,027,000 and was charged to share premium within shareholders' equity. All of the repurchased 2,500,000 shares were cancelled during the year.

Month of repurchase	Number of ordinary Shares repurchased	Purchase price paid per Share		Aggregate consideration paid (including transaction costs)
		Highest	Lowest	
		HK$	HK$	HK$
July 2022	1,000,000	4.10	3.90	3,993,000
November 2022	52,000	3.28	3.22	169,000
December 2022	1,448,000	4.15	3.86	5,865,000
	2,500,000			10,027,000

(b) During the year ended 31 March 2023, the Company issued 3,720,000 (2022: 1,695,000) shares for proceeds of approximately HK$14,997,000 (2022: HK$14,998,000), as a result of the exercise of options. The weighted average exercise price was approximately HK$4.03 per share (2022: HK$8.848 per share). As a result, HK$372,000 (2022: HK$169,000) was credited to the share capital account and HK$14,625,000 (2022: HK$14,829,000), being proceeds received net of the nominal value of the issued Shares were credited to the share premium account. An amount of HK$4,237,000 (2022: HK$4,582,000) previously included in share-based compensation reserve was reclassified to the share premium account upon the issuance of options.

Save as disclosed above, during the year ended 31 March 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 28 to 44 of this annual report. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out in the financial summary section on page 5 of this annual report.

AUDITOR

The consolidated financial statements for the years ended 31 March 2022 and 31 March 2023 were audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the forthcoming annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Au-Yeung Kong
Chairman

Hong Kong, 28 June 2023

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Perfect Medical Health Management Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Perfect Medical Health Management Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 68 to 136, comprise:

- the consolidated balance sheet as at 31 March 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS — CONTINUED

The key audit matter identified in our audit is related to revenue recognition for the sale of services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for the sale of services *(Refer to Note 2.16(a) to the consolidated financial statements)* During the year ended 31 March 2023, revenue from service contracts of approximately HK$1,389,261,000 was recognised in the Group's consolidated statement of comprehensive income. As at 31 March 2023, the Group had deferred revenue of approximately HK$252,073,000. As described in the accounting policies in Note 2.16(a) to the consolidated financial statements, revenue from the provision of medical, aesthetic medical and beauty and wellness services are recognised when the services have been rendered to customers. Receipts of proceeds in respect of treatment packages for which the relevant services have not been rendered are recognised as deferred revenue in the consolidated balance sheet.	Our audit procedures performed on revenue recognition for the sale of services included: • We understood and evaluated the key controls and assessment process of breakage estimation and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity; • We understood and evaluated the key controls of the Group in respect of revenue recognition for the sale of services, including the recording of proceeds received in respect of treatment packages as deferred revenue, the recognition of revenue based on the number of treatment services rendered, the recognition of breakage in proportion to the pattern of treatments used by customers, and the recognition of any residual deferred revenue at the end of the relevant service period; • We tested, on a sample basis, the key controls over revenue recognition for the sale of services;

KEY AUDIT MATTERS — CONTINUED

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group implements a contractual six-month expiry policy for its service contracts. Customers may not utilise all of their contractual rights within the service period and these unutilised treatments are referred to as "breakage". An expected amount of breakage is estimated by management based on the historical data of customers' utilisation and expected future utilisation pattern of the Group's prepaid packages and is recognised as revenue in proportion to the pattern of treatments used by customers. After the recognition of revenue from treatments provided and breakage, any residual deferred revenue at the end of the relevant service period are fully recognised as revenue in the consolidated statement of comprehensive income. We focused on this area because the estimation of breakage is inherently subjective and requires significant management judgment; and significant audit resources were allocated to perform the audit procedures on revenue recognition for the sale of services due to the magnitude of revenue transactions that occurred.	• We tested, on a sample basis, the calculation of the amount of revenue recognised during the reporting period and the amount of revenue deferred as at the end of the reporting period with reference to the treatment service contracts, proceeds received and underlying treatment service records. This mainly involved: a. Agreeing the contract sums stipulated in the treatment service contracts to the bank receipt records; b. Agreeing the number and type of treatments stipulated in the treatment service contracts to the treatment service records; c. Checking the number and type of utilised treatments shown in the treatment service records to the corresponding documents acknowledged by the respective customers; and d. Recalculating the amount of breakage recognised based on the proportion of treatments used by customers. • We assessed the reasonableness of management's estimate on breakage by performing the following procedures: a. Testing, on a sample basis, the accuracy of the historical data of customers' utilisation used by management to develop the estimate; and b. Assessing the appropriateness of the key assumptions of expected future utilisation rate by comparing the expected future utilisation rate to the historical utilisation rate and evaluating whether the basis of their differences, if any, are reasonable. Based upon the above procedures, we found that the recognition of revenue from the sale of services was supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Hiu Tung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	6	**1,389,261**	1,349,971
Other income	7	**28,711**	9,617
Other losses — net	8	**(1,458)**	(907)
Cost of inventories and consumables		**(32,499)**	(28,321)
Employee benefit expenses	14	**(470,570)**	(412,677)
Marketing expenses		**(150,846)**	(182,633)
Depreciation of property, plant and equipment	17	**(86,264)**	(76,988)
Depreciation of right-of-use assets	18	**(137,329)**	(142,058)
Expenses related to short-term leases of stores and offices	18	**(6,383)**	(6,589)
Other operating expenses	9	**(136,559)**	(116,913)
Operating profit		**396,064**	392,502
Finance income	10	**7,915**	1,748
Finance costs	10	**(12,523)**	(16,097)
Finance costs — net	10	**(4,608)**	(14,349)
Profit before income tax		**391,456**	378,153
Income tax expenses	11	**(75,818)**	(72,908)
Profit for the year attributable to equity holders of the Company		**315,638**	305,245
Other comprehensive (losses)/income:			
Item that has been reclassified or may be reclassified subsequently to profit or loss:			
Currency translation differences		**(16,405)**	(3,836)
Item that will not be reclassified subsequently to profit or loss:			
Investments at fair value through other comprehensive income:			
— Fair value gains/(losses) taken to reserves		**1,352**	(84,421)
Total other comprehensive losses for the year, net of tax		**(15,053)**	(88,257)
Total comprehensive income for the year attributable to equity holders of the Company		**300,585**	216,988
Earnings per share attributable to equity holders of the Company for the year			
— Basic	13	**HK25.3 cents**	HK24.8 cents
— Diluted	13	**HK25.3 cents**	HK24.8 cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**177,755**	250,189
Right-of-use assets	18	**231,573**	302,411
Deposits and prepayments	23	**37,185**	53,633
Financial assets at fair value through other comprehensive income	19	**88,963**	110,420
Deferred income tax assets	29	**8,532**	56,452
		544,008	773,105
Current assets			
Inventories	21	**8,908**	5,872
Trade receivables	22	**49,741**	14,841
Other receivables, deposits and prepayments	23	**36,792**	33,013
Term deposits with initial terms of over three months	24	**210,217**	214
Pledged bank deposits	25	**7,435**	9,555
Cash and cash equivalents	26	**439,193**	444,599
		752,286	508,094
Total assets		**1,296,294**	1,281,199
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	27	**125,653**	123,996
Reserves	28	**486,620**	370,270
Total equity		**612,273**	494,266

Consolidated Balance Sheet

As at 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for reinstatement costs	30	**16,086**	17,032
Deferred income tax liabilities	29	**21,273**	71,304
Lease liabilities	18	**125,876**	175,699
		163,235	264,035
Current liabilities			
Provision for reinstatement costs	30	**1,768**	2,690
Trade payables	31	**838**	1,592
Accruals and other payables	32	**66,010**	56,818
Lease liabilities	18	**114,477**	135,373
Deferred revenue	33	**252,073**	236,683
Tax payables		**85,620**	89,742
		520,786	522,898
Total liabilities		**684,021**	786,933
Total equity and liabilities		**1,296,294**	1,281,199

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 68 to 136 were approved by the Board of Directors on 28 June 2023 and were signed on its behalf.

Au-Yeung Kong
Director

Au-Yeung Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Share-based compensation reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Retained earnings HK$'000	Total HK$'000
For the year ended 31 March 2023									
At 1 April 2022	123,996	329,159	13,273	8,045	(4,693)	—	(67,155)	91,641	494,266
Comprehensive income									
Profit for the year	—	—	—	—	—	—	—	315,638	315,638
Other comprehensive (losses)/income									
Currency translation differences	—	—	—	—	(16,405)	—	—	—	(16,405)
Investments at fair value through other comprehensive income:									
— Fair value gains taken to reserves	—	—	—	—	—	—	1,352	—	1,352
— Fair value losses recycled to retained earnings upon disposal of the relevant financial assets	—	—	—	—	—	—	15,317	(15,317)	—
Total comprehensive (losses)/income	—	—	—	—	(16,405)	—	16,669	300,321	300,585
Total transactions with owners, recognised directly in equity									
Share-based payment (Note 15)	—	—	—	—	—	4,237	—	—	4,237
Issuance of shares upon the exercise of share options (Note 27(a))	372	18,862	—	—	—	(4,237)	—	—	14,997
Repurchase and cancellation of ordinary shares (Note 27(b))	(250)	(10,027)	—	250	—	—	—	—	(10,027)
Issuance of shares from settlement of scrip dividends (Note 12)	1,535	58,272	—	—	—	—	—	—	59,807
Dividends — cash and scrip dividends (Note 12)	—	(59,807)	—	—	—	—	—	(191,785)	(251,592)
	1,657	7,300	—	250	—	—	—	(191,785)	(182,578)
At 31 March 2023	125,653	336,459	13,273	8,295	(21,098)	—	(50,486)	200,177	612,273
For the year ended 31 March 2022									
At 1 April 2021	122,289	333,265	12,779	7,734	(857)	—	(50,195)	259,832	684,847
Comprehensive income									
Profit for the year	—	—	—	—	—	—	—	305,245	305,245
Other comprehensive (losses)/income									
Currency translation differences	—	—	—	—	(3,836)	—	—	—	(3,836)
Investments at fair value through other comprehensive income:									
— Fair value losses taken to reserves	—	—	—	—	—	—	(84,421)	—	(84,421)
— Fair value losses recycled to retained earnings upon disposal of the relevant financial assets	—	—	—	—	—	—	67,461	(67,461)	—
Total comprehensive (losses)/income	—	—	—	—	(3,836)	—	(16,960)	237,784	216,988
Total transactions with owners, recognised directly in equity									
Share-based payment (Note 15)	—	—	—	—	—	4,582	—	—	4,582
Issuance of shares upon the exercise of share options (Note 27(a))	169	19,411	—	—	—	(4,582)	—	—	14,998
Repurchase and cancellation of ordinary shares (Note 27(b))	(311)	(21,668)	—	311	—	—	—	—	(21,668)
Issuance of shares from settlement of scrip dividends (Note 12)	1,849	117,915	—	—	—	—	—	—	119,764
Dividends — cash and scrip dividends (Note 12)	—	(119,764)	—	—	—	—	—	(405,481)	(525,245)
Appropriation (Note 28(b))	—	—	494	—	—	—	—	(494)	—
	1,707	(4,106)	494	311	—	—	—	(405,975)	(407,569)
At 31 March 2022	123,996	329,159	13,273	8,045	(4,693)	—	(67,155)	91,641	494,266

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash generated from operations	36(a)	**632,711**	542,377
Interest received		**7,915**	1,748
Income tax paid		**(80,058)**	(30,230)
Net cash generated from operating activities		**560,568**	513,895
Cash flows from investing activities			
Purchase of property, plant and equipment		**(26,741)**	(144,552)
Proceeds from disposal of property, plant and equipment	36(b)	**247**	1,599
Reinstatement costs paid for leased premises	30	**(2,306)**	(864)
Purchase of financial assets at fair value through other comprehensive income	19	**—**	(233,509)
Proceeds from disposal of financial assets at fair value through profit or loss		**—**	31,052
Proceeds from disposal of financial assets at fair value through other comprehensive income	19	**16,296**	354,328
Dividend income from financial assets at fair value through other comprehensive income		**1,445**	2,020
Increase in term deposits with initial terms of over three months		**(210,003)**	—
Net cash (used in)/generated from investing activities		**(221,062)**	10,074
Cash flows from financing activities			
Dividends paid	12	**(191,785)**	(405,481)
Repurchase of ordinary shares	27(b)	**(10,027)**	(21,668)
Payment of principal element of lease liabilities	36(d)	**(135,680)**	(137,724)
Payment of interest element of lease liabilities	36(d)	**(12,523)**	(16,097)
Issuance of shares upon the exercise of share options	27(a)	**14,997**	14,998
Net cash used in financing activities		**(335,018)**	(565,972)
Net increase/(decrease) in cash and cash equivalents		**4,488**	(42,003)
Cash and cash equivalents at 1 April		**444,599**	489,773
Effect of foreign exchange rate changes		**(9,894)**	(3,171)
Cash and cash equivalents at 31 March		**439,193**	444,599

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Perfect Medical Health Management Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the provision of medical, aesthetic medical and beauty and wellness services in Hong Kong ("HK"), the People's Republic of China (the "PRC"), Macau, Australia and Singapore.

The Company was incorporated in the Cayman Islands on 11 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2012.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 28 June 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.1 Basis of preparation — continued

(a) New amendments to existing standards and accounting guideline adopted by the Group

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19 Related Rent Concession beyond 30 June 2021
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations
Annual Improvements Project	Annual Improvements to HKFRS 2018–2020

The adoption of the new amendments listed above did not have material impact on the Group's accounting policies and consolidated financial statements.

(b) New standards, amendments to existing standards and interpretation that have been issued but are not effective

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts(1)
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information(1)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies(1)
Amendments to HKAS 8	Definition of Accounting Estimates(1)
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction(1)
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current(2)
Amendments to HKAS 1	Non-current Liabilities with Covenants(2)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback(2)
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause(2)
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(3)

(1) Effective for the Group for annual periods beginning on or after 1 January 2023
(2) Effective for the Group for annual periods beginning on or after 1 January 2024
(3) Effective for the Group for annual periods beginning on or after a date to be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.1 Basis of preparation — continued

(b) New standards, amendments to existing standards and interpretation that have been issued but are not effective — continued

The Group has not early adopted the above new standards, amendments to exiting standards and interpretation and is in the process of assessing the impact of these new standards, amendments to existing standards and interpretation on the Group's accounting policies and consolidated financial statements.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2023.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.2 Consolidation — continued

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group did not have any non-controlling interest.

Investments in subsidiaries are accounted for at cost less impairment, if any. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company who make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values (if any) over their estimated useful lives, as follows:

Machinery and equipment	20% to 30%
Furniture and fixtures	20% to 30%
Office equipment	30%
Motor vehicles	20%
Leasehold improvements	2% or over the unexpired lease term, whichever is shorter
Land and building	3%

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.7 Financial assets

2.7.1 Classifications

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.7.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.7 Financial assets — continued

2.7.2 Recognition and measurement — continued

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income when the Group's right to receive payments is established.

Changes in the fair value of financial asset at fair value through profit or loss are recognised in other losses — net in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.7.3 Impairment of financial assets

The Group's financial assets measured at amortised cost are subject to HKFRS 9's expected credit loss model. The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) sets out the details on how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For other receivables and deposits, the Group measures the impairment as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of the other receivables and deposits has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.7 Financial assets — continued

2.7.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.11 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (as disclosed in Note 20) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.12 Current and deferred income tax

The income tax expenses for the year comprise current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.12 Current and deferred income tax — continued

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.13 Employee benefits

(a) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government or trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group has no unvested benefits available to reduce its future contributions.

(b) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.14 Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from directors, employees, consultant or adviser of the Group as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest expense.

2.16 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of products and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, service refunds, discounts and after eliminating sales within the Group.

The Group does not have any contracts where the period between the transfer of the promised services to the customers and the payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

Incremental costs of obtaining contracts with customers such as sales commissions paid or payable to staff may be capitalised as deferred costs in the Group's consolidated balance sheet if the Group expects to recover those costs. If capitalised, these deferred costs are recognised in the consolidated statement of comprehensive income in the period in which the deferred revenue that they relate is recognised as revenue. The Group has applied the practical expedient of directly recognising these incremental costs as expenses when incurred since the amortisation period of the assets that the Group otherwise would have recognised will be less than one year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.16 Revenue and income recognition — continued

Revenue is recognised when specific criteria have been met for the Group's activities as described below:

(a) Sales of services

Revenue from the provision of medical, aesthetic medical and beauty and wellness services are recognised in the accounting period when the services have been rendered to customers. Receipts of proceeds in respect of treatment packages for which the relevant services have not been rendered are deferred and recognised as "deferred revenue" in the consolidated balance sheet.

The Group implements a contractual six-month expiry policy for all service contracts. The customers may not utilise all of their contractual rights within the service period and these unutilised treatments are referred to as "breakage". An expected amount of breakage is estimated by management based on the historical data of customers' utilisation and expected future utilisation pattern of the Group's prepaid packages and is recognised as revenue in proportion to the pattern of treatments used by customers. After the recognition of revenue from treatments provided and breakage, any residual deferred revenue at the end of the relevant service period are fully recognised as revenue in the consolidated statement of comprehensive income.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.17 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

2.17 Leases — continued

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract is accounted for as lease modification. The lease modification is recognised as a separate lease when the modification increases the scope of the lease by adding the underlying assets and the increase in the consideration is commensurate with the stand-alone price for the increase in scope. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification when the lease modification is not accounted for as a separate lease.

2.18 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.19 Dividend distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash-flow and fair value interest-rate risks and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group operates in Hong Kong, Macau, the PRC, Australia and Singapore with most of the transactions denominated and settled in HK$, Macau Patacas ("MOP"), Chinese Renminbi ("RMB"), Australian dollar ("AUD") and Singapore dollar ("SGD") respectively. The Company does not use any derivative financial instruments to hedge its exposure to foreign exchange risk. In respect of transactions settled in RMB, MOP, AUD and SGD, the Group did not have significant exposure to foreign exchange rate risk during the year due to the transactions being generally denominated in the functional currency of the respective group companies (2022: same).

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash at banks, term deposits, pledged bank deposits, trade receivables, deposits and other receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has two types of financial asset that is subject to the expected credit loss models:

- Trade receivables
- Other financial assets carried at amortised cost

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.1 Financial risk factors — continued

(b) Credit risk — continued

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the debtors to settle the receivable. Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Group, and a failure to make contractual payments.

Trade receivables of the Group represent amounts due from various financial institutions as a result of credit cards and instalment payment arrangement. Taking into account the high credit rating of these counterparties, who also has no recent history of default and that the Group is not contractually exposed to the risk of default by the ultimate customer arising from the payment arrangements, management assessed that the expected credit loss rate of these trade receivables is close to zero. Therefore, the loss allowance provision for these balances was not material and no provision was recognised as at 31 March 2023 and 2022.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include cash and cash equivalents, term deposits, pledged bank deposits, deposits and other receivables in the consolidated balance sheet. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

Management considered the credit risk of deposits and other receivables as low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term.

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.1 Financial risk factors — continued

(b) Credit risk — continued

Other financial assets carried at amortised cost — continued

The Group's cash at banks, term deposits and pledged bank deposits are deposited in major financial institutions located in Hong Kong, Macau, the PRC, Australia and Singapore, which are of high credit rating. Management does not expect any losses arising from non-performance by these counterparties.

The Group's rental deposits are placed with various landlords in Hong Kong, Macau, the PRC, Australia and Singapore, and are due to refund upon the expiry of the tenancy agreement and handover of the leased premises. The Group has not experienced any defaults by the landlords.

Therefore, the Group has assessed that the expected credit losses for these financial assets carried at amortised costs were immaterial under 12-month expected losses method, and therefore no provision was recognised.

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been the payment for operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

During the years ended 31 March 2023 and 2022, the credit terms with other financial institutions on instalment and credit card sales arrangement generally ranged from 3 days to 180 days.

Taking into account the Group's financial resources and its internally generated cash, the Directors of the Group are of the opinion that the Group has sufficient capital to meet its liquidity needs for at least twelve months from 31 March 2023.

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.1 Financial risk factors — continued

(c) Liquidity risk — continued

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2023				
Trade payables (Note 31)	**838**	**—**	**—**	**838**
Accruals and other payables	**24,171**	**—**	**—**	**24,171**
Lease liabilities	**123,374**	**72,197**	**60,515**	**256,086**
Total	**148,383**	**72,197**	**60,515**	**281,095**
At 31 March 2022				
Trade payables (Note 31)	1,592	—	—	1,592
Accruals and other payables	35,775	—	—	35,775
Lease liabilities	153,587	103,364	84,894	341,845
Total	190,954	103,364	84,894	379,212

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.1 Financial risk factors — continued

(d) Cash-flow and fair value interest-rate risks

The Group does not have any significant interest bearing financial assets or liabilities except for term deposits, pledged bank deposits and cash at banks, details of which are disclosed in Notes 24, 25 and 26 to the consolidated financial statements respectively. Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is therefore presented thereon.

(e) Price risk

The Group's main market price risk exposures as at 31 March 2023 and 2022 relate to financial assets at fair value through other comprehensive income which comprised listed equity securities.

As at 31 March 2023, if the market price of financial assets at fair value through other comprehensive income had increased/decreased by 5%, the Group's equity would have been approximately HK$4,448,000 (2022: HK$5,521,000) higher/lower, mainly as a result of the gains/losses on financial assets at fair value through other comprehensive income.

The Group closely monitors the price movement and changes in market conditions that may have an impact on the value of these financial assets.

3.2 Fair value estimation

The following table presents the Group's financial instruments that are measured at fair value at 31 March 2023 and 2022. The different levels have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.2 Fair value estimation — continued

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2023				
Financial assets at fair value through other comprehensive income				
— Listed equity investments	**88,963**	—	—	**88,963**
At 31 March 2022				
Financial assets at fair value through other comprehensive income				
— Listed equity investments	110,420	—	—	110,420

There were no transfers between levels 1, 2 and 3 during the years ended 31 March 2023 and 2022.

The carrying amounts of the Group's current financial assets, including cash at banks, term deposits, pledged bank deposits, trade receivables, deposits and other receivables; and the Group's current financial liabilities, including trade payables, accruals and other payables and lease liabilities approximate their fair values due to their short maturities.

3 FINANCIAL RISK MANAGEMENT — CONTINUED

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or obtain bank borrowings.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt. The Group's strategy was to maintain a minimal gearing ratio. Management consider that the Group's capital risk is minimal as the Group has cash and cash equivalents of approximately HK$439,193,000 as at 31 March 2023 (2022: HK$444,599,000), and has no outstanding bank loans, overdrafts or other borrowings at 31 March 2023 (2022: Nil).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Breakage in revenue recognition

As explained in Note 2.16, the Group's revenue recognition from provision of services involves the element of breakage which is estimated by the Group's management based on the historical data of customers' utilisation and expected future utilisation pattern and is recognised as revenue in proportion to the pattern of rights exercised by the customers. The actual subsequent utilisation by the customers may be higher or lower than the amount of breakage estimated at the end of each reporting period, which would affect the revenue and profit recognised in current and future years.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS — CONTINUED

(b) Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimates is changed.

5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. As the Group is principally engaged in the provision of medical, aesthetic medical and beauty and wellness services, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific component, the Group's chief operating decision-maker considers that the performance assessment of the Group should be based on profit before income tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

During the years ended 31 March 2023 and 2022, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

The Group primarily operates in Hong Kong as well as regions outside Hong Kong which include the PRC, Macau, Australia and Singapore (the "Regions outside Hong Kong"). Its revenue was derived from the following regions:

	2023 **HK$'000**	2022 HK$'000
Hong Kong	**1,040,119**	975,146
Regions outside Hong Kong	**349,142**	374,825
	1,389,261	1,349,971

5 SEGMENT INFORMATION — CONTINUED

The consolidated profits before income tax of the Group, prior to certain intra-group recharges, was attributable to the profits of the following regions:

	2023 HK$'000	2022 HK$'000
Hong Kong	**268,693**	237,834
Regions outside Hong Kong	**122,763**	140,319
	391,456	378,153

The Group's total non-current assets other than deferred income tax assets and financial assets at fair value through other comprehensive income were located in the following regions:

	2023 HK$'000	2022 HK$'000
Hong Kong	**331,831**	432,269
Regions outside Hong Kong	**114,682**	173,964
	446,513	606,233

The Group's capital expenditures were incurred in the following regions based on where the assets were located:

	2023 HK$'000	2022 HK$'000
Hong Kong	**9,556**	101,044
Regions outside Hong Kong	**10,595**	64,534
	20,151	165,578

6 REVENUE

	2023 HK$'000	2022 HK$'000
Revenue from treatment service contracts	**1,389,261**	1,349,971

7 OTHER INCOME

	2023 HK$'000	2022 HK$'000
Government subsidies (Note)	**25,727**	6,303
Dividend income from financial assets at fair value through other comprehensive income	**2,984**	3,136
Others	**—**	178
	28,711	9,617

Note: Government subsidies represent cash received from the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund, exemption on valued-added tax granted by the government authority in the PRC and incentives granted by the local municipal government in the PRC to invest in certain regions of the PRC; the conditions attached thereto had been fully complied with.

8 OTHER LOSSES — NET

	2023 HK$'000	2022 HK$'000
(Losses)/gains on disposal of property, plant and equipment (Note 36(b))	**(1,100)**	134
Net exchange (losses)/gains	**(370)**	2,001
Losses on financial assets at fair value through profit or loss	**—**	(3,045)
Gains on lease modification (Note 18(d))	**494**	3
Losses on forfeiture of rental and other deposits	**(482)**	—
	(1,458)	(907)

9 OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	2023 HK$'000	2022 HK$'000
Doctor consultation fee	**9,187**	6,917
Auditor's remuneration	**2,000**	2,000
Credit card and instalment arrangement commissions	**59,510**	49,774
Printing, stationeries and general office expenses	**2,959**	4,104
Utility charges	**4,130**	3,582
Courier, postages and delivery charges	**4,076**	3,425
Other expenses	**54,697**	47,111
	136,559	116,913

10 FINANCE COSTS — NET

	2023 HK$'000	2022 HK$'000
Interest income on bank deposits	**7,915**	1,748
Interest expenses on lease liabilities	**(12,523)**	(16,097)
Finance costs — net	**(4,608)**	(14,349)

11 INCOME TAX EXPENSES

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) for the year on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% (2022: 25%). Companies incorporated and operating in Macau are subject to Macau complementary tax, under which taxable income of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 March 2023 and 2022. Companies incorporated in Australia are subject to Australian income tax at the rate of 30% (2022: 30%). Companies incorporated in Singapore are subject to Singapore income tax at the rate of 17% (2022: 17%).

11 INCOME TAX EXPENSES — CONTINUED

	2023 HK$'000	2022 HK$'000
Current income taxation		
— Hong Kong profits tax	**48,740**	35,377
— PRC and overseas income tax	**26,656**	33,620
	75,396	68,997
Over-provision in prior years	**(3,158)**	(3,520)
Total current income taxation	**72,238**	65,477
Deferred taxation (Note 29)	**3,580**	7,431
	75,818	72,908

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the companies within the Group as follows:

	2023 HK$'000	2022 HK$'000
Profit before income tax	**391,456**	378,153
Tax calculated at the applicable domestic tax rates (Note a)	**68,479**	68,982
Income not subject to tax	**(4,180)**	(665)
Expenses not deductible	**283**	99
Tax effect of unrecognised tax losses	**7,764**	7,302
Utilisation of tax losses previously not recognised	**(1,534)**	(4,795)
Effect of PRC withholding taxes	**6,611**	6,130
Tax credit (Note b)	**(359)**	(545)
Over-provision in prior years	**(3,158)**	(3,520)
Others	**1,912**	(80)
Tax charge	**75,818**	72,908

11 INCOME TAX EXPENSES — CONTINUED

Notes:

(a) The weighted average applicable tax rate for the year ended 31 March 2023 was 17.5% (2022: 18.2%).

(b) Pursuant to the arrangement between Mainland China and Hong Kong tax authorities on the Avoidance of Double Taxation on Income, the Group is entitled to a Hong Kong profit tax credit for the withholding income tax paid in relation to the royalty income from its PRC companies.

12 DIVIDENDS

	2023 **HK$'000**	2022 HK$'000
Interim, paid, of HK13.0 cents (2022: HK17.7 cents) per ordinary share (notes i and iii)	**163,545**	219,474
Final, proposed, of HK12.3 cents (2022: HK7.1 cents) per ordinary share (notes ii and iv)	**154,554**	88,038
Special proposed, of HK4.7 cents (2022: nil) per ordinary share (note iv)	**59,057**	—
	377,156	307,512

Notes:

(i) At a board meeting held on 29 November 2021, the directors declared an interim dividend for the year ended 31 March 2022 of HK17.7 cents per ordinary share, totalling HK$219,474,000, which was paid on 10 January 2022 and was reflected as an appropriation of retained earnings for the year ended 31 March 2022.

(ii) At a board meeting held on 30 June 2022, the directors recommended the payment of a final dividend of HK7.1 cents per ordinary share, totalling HK$88,038,000. The directors proposed a scrip dividend alternative to all shareholders of the Company in respect of these dividend pursuant to which shareholders have the options to elect payment of the aforementioned final dividend wholly or partly by allotment of ordinary shares. The Company allotted and issued 15,350,871 new ordinary shares of the Company at HK$3.896 per share, amounting to a total of approximately HK$59,807,000 in lieu of dividends pursuant to the scrip scheme set out in the circular of the Company dated 30 August 2022. The dividend, with scrip dividend alternative was reflected as an appropriation of retained earnings and share premium for the year ended 31 March 2023.

(iii) At a board meeting held on 23 November 2022, the directors declared an interim dividend for the year ended 31 March 2023 of HK13.0 cents per ordinary share, totalling HK$163,545,000, which was paid on 30 December 2022 and was reflected as an appropriation of retained earnings for the year ended 31 March 2023.

(iv) At a board meeting held on 28 June 2023, the directors recommended the payment of a final and special dividend of HK12.3 cents and HK4.7 cents per ordinary share, totalling HK$154,554,000 and HK$59,057,000 respectively. The dividend was not reflected as dividends payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings and share premium for the year ending 31 March 2024 respectively after receiving the shareholders' approval at the forthcoming annual general meeting.

13 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

As disclosed in Note 12(ii), the Company granted the scrip dividend option to shareholders and issued 15,350,871 new ordinary shares accordingly. These new shares were included in the calculation of the weighted average number of ordinary shares since the date of their issuance.

	2023	2022
Profit attributable to equity holders of the Company (HK$'000)	**315,638**	305,245
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousands of shares)	**1,249,157**	1,230,628
Basic earnings per share (HK cents)	**25.3**	24.8

Diluted

For the year ended 31 March 2023, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company divided by the diluted weighted average number of ordinary shares of 1,249,157,554 in issue during the year. The diluted earnings per share is HK25.3 cents.

During the year ended 31 March 2022, the exercise of the outstanding share options would be anti-dilutive and diluted earnings per share is of the same amount as the basic earnings per share.

14 EMPLOYEE BENEFIT EXPENSES

	2023 HK$'000	2022 HK$'000
Wages and salaries	**429,289**	377,920
Pension costs — defined contribution plans (Note a)	**21,748**	18,135
Share-based payment expenses (Note 15)	**4,237**	4,582
Other staff welfares	**15,296**	12,040
Total employee benefit expenses (including directors' remunerations)	**470,570**	412,677

14 EMPLOYEE BENEFIT EXPENSES — CONTINUED

(a) Pension costs — defined contribution plans

Hong Kong

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Hong Kong subsidiaries of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The respective monthly contributions made by the Group and the employee are subject to a cap of HK$1,500 with contributions beyond these amounts being voluntary.

The PRC

As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. Depending on the provinces of their registered residences and their current regions of work, the employees contribute based on their basic salaries, while the subsidiaries contribute also based on the basic salaries of its employees and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

Australia and Singapore

The Group is required to contribute a certain percentage of the salaries of the employees in Australia by joining the superannuation funds and in Singapore under Central Provident Fund, and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions.

15 SHARE-BASED PAYMENT

The Company has a share option scheme approved and adopted on 6 January 2012 ("Share Option Scheme"), pursuant to which share options may be granted to directors (including executive, non-executive or independent non-executive directors), any employee (full-time or part-time), any consultant or adviser of or to the Company or the Group (on an employment or contractual or honorary basis and paid or unpaid) to subscribe for the shares of the Company, subject to a maximum of 10% of the total number of shares in issue as at the listing date or such maximum number as approved by the shareholders.

The Share Option Scheme is valid and effective for a period of ten years commencing on the adoption date of the scheme.

The exercise price shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share.

The terms and conditions of the share options granted and effective during the years ended 31 March 2023 and 2022 are as follows:

a) Share options granted to directors on 8 July 2021

On 8 July 2021, the Company granted 493,000 share options to each of its two executive directors, amounting to a total of 986,000 share options granted. The exercise price is HK$10.14 per share option, being the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant. These share options are exercisable immediately on the date of grant. These options granted have a contractual option term of three years and will be expired on 7 July 2024. The Company does not have a legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 March 2022, all of the 986,000 share options were exercisable and exercised.

The fair values of these share options granted determined using the Binominal Option Pricing Model was HK$3.4259 per option. The significant inputs into the model were the exercise price of HK$10.14 at the grant date, volatility of 59.06%, dividend yield of 3.68% and an annual risk-free interest rate of 0.30%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

15 SHARE-BASED PAYMENT — CONTINUED

b) Share options granted to directors on 18 August 2021

On 18 August 2021, the Company granted 709,000 share options to an executive director. The exercise price is HK$7.052 per share option, being the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant. These share options are exercisable immediately on the date of grant. These options granted have a contractual option term of three years and will be expired on 17 August 2024. The Company does not have a legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 March 2022, all of the 709,000 share options were exercisable and exercised.

The fair values of these share options granted determined using the Binominal Option Pricing Model was HK$2.2102 per option. The significant inputs into the model were the exercise price of HK$7.052 at the grant date, volatility of 59.49%, dividend yield of 5.32% and an annual risk-free interest rate of 0.33%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

c) Share options granted to directors on 8 July 2022

On 8 July 2022, the Company granted 1,219,000 share options to each of its two executive directors, amounting to a total of 2,438,000 share options granted. The exercise price is HK$4.10 per share option, being the closing price of the Company's shares on the grant date. These share options are exercisable immediately on the date of grant. These options granted have a contractual option term of three years and will be expired on 7 July 2025. The Company does not have a legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 March 2023, all of the 2,438,000 share options were exercisable and exercised.

The fair values of these share options granted determined using the Binominal Option Pricing Model was HK$1.1070 per option. The significant inputs into the model were the exercise price of HK$4.10 at the grant date, volatility of 56.66%, dividend yield of 6.15% and an annual risk-free interest rate of 2.36%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

15 SHARE-BASED PAYMENT — CONTINUED

d) Share options granted to directors on 29 August 2022

On 29 August 2022, the Company granted 1,282,000 share options to an executive director. The exercise price is HK$3.90 per share option, being the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant. These share options are exercisable immediately on the date of grant. These options granted have a contractual option term of three years and will be expired on 28 August 2025. The Company does not have a legal or constructive obligation to repurchase or settle the options in cash. During the year ended 31 March 2023, all of the 1,282,000 share options were exercisable and exercised.

The fair values of these share options granted determined using the Binominal Option Pricing Model was HK$1.1997 per option. The significant inputs into the model were the exercise price of HK$3.90 at the grant date, volatility of 59.44%, dividend yield of 6.16% and an annual risk-free interest rate of 3.06%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

Total expenses recognised in profit or loss for the above share options granted to directors are set out in Note 16(a).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
At 1 April	**—**	**—**	—	—
Granted during the year	**4.03**	**3,720**	8.85	1,695
Exercised during the year	**4.03**	**(3,720)**	8.85	(1,695)
At 31 March	**—**	**—**	—	—

As at 31 March 2023 and 2022, there were no outstanding options that were exercisable.

16 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS

(a) Remunerations of directors and chief executive officer

	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefit (Note 1) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2023									
Executive directors									
Dr. Au-Yeung Kong *(Chief executive officer)*	30,000	—	—	—	1,539	18	—	—	31,557
Ms. Au-Yeung Hung	3,600	—	—	—	1,349	18	—	—	4,967
Ms. Au-Yeung Wai	3,600	—	—	—	1,349	18	—	—	4,967
Mr. So Hin Lung (Note 2)	909	—	—	—	—	10	—	—	919
Independent non-executive directors									
Ms. Hsu Wai Man, Helen	180	—	—	—	—	9	—	—	189
Mr. Chi Chi Hung, Kenneth	180	—	—	—	—	9	—	—	189
Ms. Cho Yi Ping	180	—	—	—	—	9	—	—	189
	38,649	—	—	—	4,237	91	—	—	42,977

Note 1: The amounts represent the share-based payment expenses charged to profit or loss during the year for share options granted to these directors (Note 15).

Note 2: Mr. So Hin Lung was appointed as an executive director on 28 September 2022.

16 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS — CONTINUED

(a) Remunerations of directors and chief executive officer — continued

	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefit (Note) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking HK$'000	Total HK$'000
Year ended 31 March 2022									
Executive directors									
Dr. Au-Yeung Kong *(Chief executive officer)*	25,000	—	—	—	1,448	18	—	—	26,466
Ms. Au-Yeung Hung	3,000	—	—	—	1,567	18	—	—	4,585
Ms. Au-Yeung Wai	3,000	—	—	—	1,567	18	—	—	4,585
Independent non-executive directors									
Ms. Hsu Wai Man, Helen	180	—	—	—	—	9	—	—	189
Mr. Chi Chi Hung, Kenneth	180	—	—	—	—	9	—	—	189
Ms. Cho Yi Ping	180	—	—	—	—	9	—	—	189
	31,540	—	—	—	4,582	81	—	—	36,203

No directors waived or agreed to waive any emoluments during the years ended 31 March 2023 and 2022.

16 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS — CONTINUED

(b) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Number of individuals	
	2023	2022
Directors	**3**	3
Employees	**2**	2
	5	5

Information relating to the remunerations of the directors has been disclosed above. Details of the remunerations of the remaining highest paid individuals not in the capacity as a director during the year are set out below:

	2023 **HK$'000**	2022 HK$'000
Basic salaries	**6,148**	7,390
Pension costs — defined contribution plans	**36**	36
	6,184	7,426

The number of highest paid individuals not in the capacity as a director whose remunerations for the year fell within the following bands:

	Number of non-directors	
	2023	2022
HK$2,500,001 to HK$3,000,000	**1**	—
HK$3,000,001 to HK$3,500,000	**1**	1
HK$4,000,001 to HK$4,500,000	**—**	1

During the years ended 31 March 2023 and 2022, no emoluments had been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

17 PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2021						
Cost	16,516	174,887	369,848	62,983	8,467	632,701
Accumulated depreciation	(1,398)	(127,337)	(291,746)	(47,081)	(2,754)	(470,316)
Net book amount	15,118	47,550	78,102	15,902	5,713	162,385
Year ended 31 March 2022						
Opening net book amount	15,118	47,550	78,102	15,902	5,713	162,385
Additions	—	92,414	63,111	8,505	1,548	165,578
Disposals	—	—	(1,323)	(142)	—	(1,465)
Depreciation	(496)	(33,699)	(32,557)	(8,632)	(1,604)	(76,988)
Exchange differences	—	119	490	70	—	679
Closing net book amount	14,622	106,384	107,823	15,703	5,657	250,189
At 31 March 2022						
Cost	16,516	269,843	429,996	69,243	9,681	795,279
Accumulated depreciation	(1,894)	(163,459)	(322,173)	(53,540)	(4,024)	(545,090)
Net book amount	14,622	106,384	107,823	15,703	5,657	250,189
Year ended 31 March 2023						
Opening net book amount	14,622	106,384	107,823	15,703	5,657	250,189
Additions	—	7,415	7,987	4,397	352	20,151
Disposals	—	—	(1,104)	(243)	—	(1,347)
Depreciation	(496)	(42,492)	(32,986)	(8,442)	(1,848)	(86,264)
Exchange differences	—	(2,481)	(2,304)	(189)	—	(4,974)
Closing net book amount	14,126	68,826	79,416	11,226	4,161	177,755
At 31 March 2023						
Cost	16,516	267,654	417,214	69,315	10,033	780,732
Accumulated depreciation	(2,390)	(198,828)	(337,798)	(58,089)	(5,872)	(602,977)
Net book amount	14,126	68,826	79,416	11,226	4,161	177,755

18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) The Group's leasing activities and how these are accounted for

The Group leases various stores and offices. Rental contracts are typically made for fixed periods of 2 to 6 years (2022: 2 to 6 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(b) Movement of right-of-use assets

	2023 HK$'000	2022 HK$'000
At 1 April	302,411	251,783
Acquisition of leases	82,367	197,723
Depreciation of right-of-use assets	(137,329)	(142,058)
Lease modification due to rent concession	(3,934)	(6,270)
Lease modification due to early termination of leases	(6,555)	(79)
Exchange differences	(5,387)	1,312
At 31 March	231,573	302,411

(c) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023 HK$'000	2022 HK$'000
Right-of-use assets		
Properties	231,573	302,411
Lease liabilities		
Non-current	125,876	175,699
Current	114,477	135,373
	240,353	311,072

18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES — CONTINUED

(d) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2023 HK$'000	2022 HK$'000
Depreciation of right-of-use assets — Properties	**137,329**	142,058
Interest expenses on leases liabilities (Note 10)	**12,523**	16,097
Expenses related to short-term leases of stores and offices	**6,383**	6,589
Gains on lease modification	**494**	3

(e) During the years ended 31 March 2023 and 2022, the total cash outflows for leases were analysed as below:

	2023 HK$'000	2022 HK$'000
Cash flows from operating activities (Note)		
Payments for short-term leases in respect of stores and offices	**6,383**	6,589
Cash flows from financing activities		
Payment of interest element of lease liabilities	**12,523**	16,097
Payment of principal element of lease liabilities	**135,680**	137,724
	148,203	153,821

Note:

Payments for short-term leases were not shown separately, but included in the line of "profit before income tax" in respect of the net cash generated from operations using the indirect method.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$'000	2022 HK$'000
At 1 April	**110,420**	309,077
Additions	**1,539**	234,625
Fair value gains/(losses) taken to reserves	**1,352**	(84,421)
Disposals	**(16,296)**	(354,328)
Exchange differences	**(8,052)**	5,467
At 31 March	**88,963**	110,420

	2023 HK$'000	2022 HK$'000
Equity investments listed in Hong Kong	**88,963**	110,420

As at 31 March 2023 and 2022, financial assets at fair value through other comprehensive income comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Total HK$'000
Assets included in the consolidated balance sheet			
At 31 March 2023			
Trade receivables (Note 22)	**49,741**	**—**	**49,741**
Financial assets at fair value through other comprehensive income (Note 19)	**—**	**88,963**	**88,963**
Other receivables and deposits (Note 23)	**61,303**	**—**	**61,303**
Term deposits with initial terms of over three months	**210,217**	**—**	**210,217**
Pledged bank deposits (Note 25)	**7,435**	**—**	**7,435**
Cash and cash equivalents (Note 26)	**439,193**	**—**	**439,193**
	767,889	**88,963**	**856,852**
At 31 March 2022			
Trade receivables (Note 22)	14,841	—	14,841
Financial assets at fair value through other comprehensive income (Note 19)	—	110,420	110,420
Other receivables and deposits (Note 23)	67,058	—	67,058
Term deposits with initial terms of over three months	214	—	214
Pledged bank deposits (Note 25)	9,555	—	9,555
Cash and cash equivalents (Note 26)	444,599	—	444,599
	536,267	110,420	646,687

20 FINANCIAL INSTRUMENTS BY CATEGORY — CONTINUED

	Financial liabilities at amortised cost	
	2023	2022
	HK$'000	HK$'000
Liabilities included in the consolidated balance sheet		
Trade payables (Note 31)	**838**	1,592
Accruals and other payables (excluding accrued salaries and other taxes payables)	**24,171**	35,775
Lease liabilities (Note 18)	**240,353**	311,072
	265,362	348,439

21 INVENTORIES

	2023	2022
	HK$'000	HK$'000
Trading merchandises and consumables	**8,908**	5,872

22 TRADE RECEIVABLES

	2023	2022
	HK$'000	HK$'000
Trade receivables	**49,741**	14,841

The Group's trade receivables were denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
HK$	**46,842**	12,145
RMB	**1,607**	892
MOP	**489**	563
AUD	**36**	27
SGD	**767**	1,214
	49,741	14,841

22 TRADE RECEIVABLES — CONTINUED

There is no concentration of credit risk with respect to trade receivables as there is a dispersed number of financial institutions with high individual credit ratings through which the credit card and instalment sales arrangements are entered into.

The credit terms of the Group's trade receivables generally range from 3 days to 180 days (2022: 3 days to 180 days). The ageing analysis of trade receivables by the dates on which the relevant invoices are issued is as follows:

	2023 **HK$'000**	2022 HK$'000
Less than 60 days	**42,966**	4,499
60 days to 90 days	**3,055**	1,107
91 days to 120 days	**3,570**	7,358
121 days to 180 days	**150**	1,877
	49,741	14,841

As at 31 March 2023, trade receivables of approximately HK$2,998,000 (2022: HK$914,000) were past due but not impaired because they were mainly debtors of high credit ratings with no recent history of default. The ageing analysis of these trade receivables by the days of overdue repayment is as follows:

	2023 **HK$'000**	2022 HK$'000
Less than 60 days	**2,998**	914

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counter-parties do not have significant defaults in the past.

As at 31 March 2023 and 2022, no collateral was received from these counterparties.

As at 31 March 2023 and 2022 and during the years then ended, no trade receivables were impaired.

23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Current		
Prepayments	**12,099**	18,882
Rental and other deposits	**24,100**	12,984
Other receivables	**593**	1,147
	36,792	33,013
Non-current		
Prepayments for the acquisition of property, plant and equipment	**575**	706
Rental and other deposits	**36,610**	52,927
	37,185	53,633
	73,977	86,646

The Group's other receivables and deposits were denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**46,723**	49,077
RMB	**9,767**	12,613
MOP	**1,574**	2,229
SGD	**3,236**	3,135
AUD	**3**	4
	61,303	67,058

24 TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

As at 31 March 2023, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 3.75% (2022: 0.22%).

The Group's term deposits with initial terms of over three months were denominated in HKD.

25 PLEDGED BANK DEPOSITS

As at 31 March 2023 and 2022, certain of the Group's bank deposits were pledged to certain financial institutions based in Hong Kong to secure banking facilities in respect of credit card and instalment sales arrangements. As at 31 March 2023, the weighted average effective interest rate of these deposits was 2.03% (2022: 2.10%).

The Group's pledged bank deposits were denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
HK$	**2,332**	2,330
AUD	**4,656**	6,241
SGD	**447**	984
	7,435	9,555

26 CASH AND CASH EQUIVALENTS

	2023 HK$'000	2022 HK$'000
Cash at banks	**310,012**	380,944
Cash on hand	**1,381**	648
Term deposits with initial terms of less than three months	**127,800**	63,007
	439,193	444,599

Cash and cash equivalents were denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**189,936**	151,347
RMB	**167,557**	113,627
United States dollars ("US$")	**32,919**	144,629
MOP	**10,448**	8,599
AUD	**21,123**	20,714
SGD	**17,210**	5,683
	439,193	444,599

Cash at banks earned interest at floating rates based on daily bank deposit rates. The Group's cash and bank balances denominated in RMB were deposited with banks in Hong Kong and the PRC. The conversion of the RMB-denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the Government of the People's Republic of China.

27 SHARE CAPITAL

	Number of shares (in thousand)	Nominal value HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1 April 2021	1,222,887	122,289
Issuance of shares (Note a)	1,695	169
Issuance of shares upon the distribution of scrip dividends (Note 12)	18,493	1,849
Cancellation of shares (Note b)	(3,110)	(311)
At 31 March 2022 and 1 April 2022	1,239,965	123,996
Issuance of shares (Note a)	3,720	372
Issuance of shares upon the distribution of scrip dividends (Note 12)	15,351	1,535
Cancellation of shares (Note b)	(2,500)	(250)
At 31 March 2023	1,256,536	125,653

(a) During the year ended 31 March 2023, the Company issued 3,720,000 (2022: 1,695,000) shares of the Company for proceeds of approximately HK$14,997,000 (2022: HK$14,998,000), as a result of exercise of share options. The weighted average exercise price was approximately HK$4.031 per share (2022: HK$8.848 per share). As a result, HK$372,000 (2022: HK$169,000) were credited to the share capital account and HK$14,625,000 (2022: HK$14,829,000), being proceeds received net of the nominal value of the issued shares, were credited to the share premium account. An amount of HK$4,237,000 (2022: HK$4,582,000) previously included in share-based compensation reserve were reclassified to the share premium account upon the issuance of share options.

(b) During the year ended 31 March 2023, the Company repurchased 2,500,000 (2022: 3,110,000) of its own shares. The total amount paid to repurchase was approximately HK$10,027,000 (2022: HK$21,668,000) and was charged to share premium within shareholders' equity. All of the repurchased 2,500,000 (2022: 3,110,000) shares were cancelled during the respective year.

28 RESERVES

(a) Movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

(b) The Macau Commercial Code number 377 requires that companies incorporated in Macau should set aside a minimum of 25% of their respective profit after income tax to the legal reserve until the balance of the reserve reaches a level equivalent to 50% of their capital.

(c) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of not less than 10% of statutory profits after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

29 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The balances shown in the consolidated balance sheet are, after appropriate offsetting, as follows:

	2023 **HK$'000**	2022 HK$'000
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	**8,532**	56,452
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	**(1,711)**	(4,399)
Deferred income tax liabilities to be settled within 12 months	**(19,562)**	(66,905)
	(21,273)	(71,304)
Deferred income tax liabilities — net	**(12,741)**	(14,852)

29 DEFERRED TAXATION — CONTINUED

The movement on net deferred income tax liabilities account is as follows:

	2023 HK$'000	2022 HK$'000
At 1 April	**(14,852)**	(15,466)
Charged to profit or loss (Note 11)	**(3,580)**	(7,431)
Payment during the year	**6,111**	7,863
Exchange differences	**(420)**	182
At 31 March	**(12,741)**	(14,852)

The movement in deferred income tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

Deferred income tax assets

	Tax losses		Decelerated tax depreciation		Accrued expenses and others		Lease liabilities		Total	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
At 1 April	**—**	—	**3,403**	4,651	**3,560**	3,465	**50,373**	46,385	**57,336**	54,501
(Charged)/credited to profit or loss	**529**	—	**1,631**	(1,249)	**(767)**	(62)	**(40,210)**	3,485	**(38,817)**	2,174
Exchange differences	**—**	—	**(2)**	1	**92**	157	**(952)**	503	**(862)**	661
At 31 March	**529**	—	**5,032**	3,403	**2,885**	3,560	**9,211**	50,373	**17,657**	57,336

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 March 2023, the Group did not recognise certain deferred income tax assets of approximately HK$16,090,000 (2022: HK$9,860,000) in respect of accumulated tax losses amounting to approximately HK$72,758,000 (2022: HK$45,848,000) that can be carried forward against future taxable income. The tax losses of the PRC subsidiaries will expire in 5 years, while the tax losses of the Company and the other non-PRC subsidiaries do not have an expiry date.

29 DEFERRED TAXATION — CONTINUED

Deferred income tax assets — continued

As at 31 March 2023 and 2022, the expiry dates for the Group's unused tax losses are as follows:

	2023 HK$'000	2022 HK$'000
Expiry in		
2024	320	1,861
2025	3,075	3,317
2026	3,785	4,083
2027	13,478	—
No expiry date	52,100	36,587
	72,758	45,848

Deferred income tax liabilities

	Accelerated tax depreciation		PRC advertising expenses		PRC withholding taxes		Right-of-use assets		Total	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
At 1 April	(4,399)	(3,691)	(884)	(643)	(19,566)	(21,299)	(47,339)	(44,334)	(72,188)	(69,967)
(Charged)/credited to profit or loss	2,688	(708)	817	(213)	(6,611)	(6,130)	38,343	(2,554)	35,237	(9,605)
Reversal of deferred income tax liability upon distribution of profits and remittance of royalties from subsidiaries	—	—	—	—	6,111	7,863	—	—	6,111	7,863
Exchange differences	—	—	67	(28)	—	—	375	(451)	442	(479)
At 31 March	(1,711)	(4,399)	—	(884)	(20,066)	(19,566)	(8,621)	(47,339)	(30,398)	(72,188)

As at 31 March 2023, total unremitted earnings and unremitted royalty income of PRC subsidiaries amounted to approximately HK$399,856,000 (2022: HK$372,428,000).

30 PROVISION FOR REINSTATEMENT COSTS

The movement of provision for reinstatement costs is as follows:

	2023 HK$'000	2022 HK$'000
At 1 April	**19,722**	13,166
Provision during the year	**645**	6,652
Payment	**(2,306)**	(864)
Under-provision for reinstatement costs	**83**	663
Exchange differences	**(290)**	105
At 31 March	**17,854**	19,722
Represented by:		
— Non-current	**16,086**	17,032
— Current	**1,768**	2,690
	17,854	19,722

31 TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 30 days to 180 days (2022: 30 days to 180 days).

At 31 March 2023 and 2022, the ageing analysis of trade payables based on invoice date is as follows:

	2023 HK$'000	2022 HK$'000
Less than 60 days	**421**	650
60 days to 120 days	**—**	485
Over 120 days	**417**	457
	838	1,592

31 TRADE PAYABLES — CONTINUED

The Group's trade payables were denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**347**	938
RMB	**283**	498
MOP	**74**	6
AUD	**134**	150
	838	1,592

32 ACCRUALS AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Accrued operating expenses	**49,052**	33,608
Other payables	**16,958**	23,210
	66,010	56,818

Accruals and other payables were denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**48,508**	30,295
RMB	**13,292**	22,497
MOP	**883**	765
AUD	**1,739**	1,966
SGD	**1,588**	1,295
	66,010	56,818

33 DEFERRED REVENUE

The deferred revenue is mainly related to the provision of medical, aesthetic medical and beauty and wellness services.

The service period for beauty and healthcare is generally six months and all customers are required to prepay the packages in full prior to utilisation of services.

The amount of revenue recognised for the year ended 31 March 2023 (2022: year ended 31 March 2022) that was included in deferred revenue as at 1 April 2022 was HK$236,683,000 (1 April 2021: HK$316,723,000).

All of the deferred revenue as at 31 March 2023 and 2022 is expected to be recognised as revenue within six months from the end of the reporting period.

34 CAPITAL COMMITMENTS

	2023 **HK$'000**	2022 HK$'000
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	**1,474**	4,530

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control or joint control.

Members of key management and their close family members are also considered as related parties.

(a) Details of key management compensations are disclosed in Note 16 to the consolidated financial statements.

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2023 HK$'000	2022 HK$'000
Profit before income tax	**391,456**	378,153
Adjustments for:		
— Depreciation of property, plant and equipment (Note 17)	**86,264**	76,988
— Depreciation of right-of-use assets (Note 18)	**137,329**	142,058
— Losses/(gains) on disposal of property, plant and equipment (Note 8)	**1,100**	(134)
— Dividend income from financial assets at fair value through other comprehensive income (Note 7)	**(2,984)**	(3,136)
— Losses on financial assets at fair value through profit or loss	**—**	3,045
— Gains on early termination of leases (Note 8)	**(494)**	(3)
— Under-provision for reinstatement costs (Note 30)	**83**	663
— Interest income (Note 10)	**(7,915)**	(1,748)
— Interest expenses (Note 10)	**12,523**	16,097
— Share-based payment expenses (Note 14)	**4,237**	4,582
	621,599	616,565
Changes in working capital:		
— Inventories	**(3,036)**	(3,068)
— Trade receivables	**(34,985)**	63,209
— Other receivables, deposits and prepayments	**11,281**	(17,414)
— Trade payables, accruals and other payables	**17,332**	(34,293)
— Deferred revenue	**19,059**	(81,828)
— Pledged bank deposits	**1,461**	(794)
Cash generated from operations	**632,711**	542,377

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2023 HK$'000	2022 HK$'000
Net book amount disposed (Note 17)	**1,347**	1,465
(Losses)/gains on disposal of property, plant and equipment (Note 8)	**(1,100)**	134
Proceeds from disposal of property, plant and equipment	**247**	1,599

(c) Other non-cash transactions

On 30 August 2022, the scrip dividend alternative was granted to the shareholders and completed the placing of 15,350,871 new ordinary shares of the Company at HK$3.896 per share, which increased HK$1,535,000 of share capital and HK$58,272,000 of share premium.

During the year ended 31 March 2023, the Group received a special interim dividend from Tencent Holdings Limited ("Tencent") in the form of a distribution in specie of Class B ordinary shares of Meituan ("Meituan Shares") in proportion to its respective shareholding in Tencent on the basis of 1 Class B ordinary share of Meituan for every 10 shares held by the Group. As at 31 March 2023, the Group held 11,000 Meituan Shares and had an investment cost of approximately HK$1,539,000 (amounting to approximately RMB1,349,000). The distributed Meituan Shares are designated as "Financial assets at fair value through other comprehensive income" (Note 19) and were measured at fair value.

During the year ended 31 March 2022, the Group received a special interim dividend from Tencent Holdings Limited ("Tencent") in the form of a distribution in specie of Class A ordinary shares of JD.com ("JD.com Shares") in proportion to its respective shareholding in Tencent on the basis of 1 Class A ordinary share of JD.com for every 21 shares held by the Group. As at 31 March 2022, the Group held 4,762 JD.com Shares and had an investment cost of HK$1,116,000 (amounting to approximately RMB906,000). The distributed JD.com Shares are designated as "Financial assets at fair value through other comprehensive income" (Note 19) and were measured at fair value.

36 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED

(d) Reconciliation of liabilities arising from financing activities

This section sets out the movement in liabilities arising from financing activities for the year presented.

	Lease Liabilities HK$'000	Dividend Payable HK$'000
As at 1 April 2021	261,599	—
Acquisition of leases	191,071	—
Interest expenses on lease liabilities (Note 10)	16,097	—
Dividends declared	—	525,245
Cash flows		
Payment of principal element of leases liabilities (Note 18(e))	(137,724)	—
Payment of interest element of lease liabilities (Note 18(e))	(16,097)	—
Dividends paid	—	(405,481)
Other non-cash movements		
Settlement of scrip dividends via issuance of shares	—	(119,764)
Lease modification due to rent concession (Note 18(b))	(6,270)	—
Lease modification due to early termination of leases	(82)	—
Exchange difference	2,478	—
As at 31 March 2022	**311,072**	**—**
As at 1 April 2022	**311,072**	**—**
Acquisition of leases	**81,722**	**—**
Interest expenses on lease liabilities (Note 10)	**12,523**	**—**
Dividends declared	**—**	**251,592**
Cash flows		
Payment of principal element of leases liabilities (Note 18(e))	**(135,680)**	**—**
Payment of interest element of lease liabilities (Note 18(e))	**(12,523)**	**—**
Dividends paid	**—**	**(191,785)**
Other non-cash movements		
Settlement of scrip dividends via issuance of shares	**—**	**(59,807)**
Lease modification due to rent concession (Note 18(b))	**(3,934)**	**—**
Lease modification due to early termination of leases	**(7,049)**	**—**
Exchange difference	**(5,778)**	**—**
As at 31 March 2023	**240,353**	**—**

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31 March 2023 and 2022, the Company had the following principal subsidiaries:

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ issued and fully paid-up capital	Effective interest held by the Group
Direct interests:				
Perfect Shape Advertising Company Limited	Hong Kong	Provision of advertising services to group companies in Hong Kong	HK$10,000	100%
Perfect Shape Holdings (China) Limited	The British Virgin Islands	Investment holding in the PRC	100 shares of US$1 each	100%
Success Honour Holdings Limited	The British Virgin Islands	Investment holding in Hong Kong	100 shares of US$1 each	100%
Perfect Shape & Skin Management Co. Limited	Hong Kong	Holding of trademarks in Hong Kong and the PRC	HK$10,000	100%
Next App Limited	The British Virgin Islands	Investment holding in Hong Kong	1 share of US$1 each	100%
Hong Kong Charity Foundation Limited	Hong Kong	Charitable activities	Limited by guarantee	100%
Indirect interests:				
Freedom Beauty Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
I-Medi Asia Limited	Hong Kong	Rental of equipment to group companies in Hong Kong	HK$10,000	100%
Perfect Men Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Health Specialist Clinic Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Health Care Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES — CONTINUED

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ issued and fully paid-up capital	Effective interest held by the Group
Indirect interests: — continued				
New Beauty Medical Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
New Beauty Group Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Shape & Skin (Macau) Limited	Macau	Provision of medical, aesthetic medical and beauty and wellness services in Macau	MOP100,000	100%
Perfect Medical Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Hong Kong Doctor Healthcare Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Shape Medical Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Shape (Holdings) Limited	Hong Kong	Provision of management services to group companies in Hong Kong	HK$10,000	100%
Perfect Hair Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Shape Investment (Shanghai) Limited	Hong Kong	Investment holding in the PRC	HK$10,000	100%
MediSearch Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Dr. Au Yeung Kong and Associates Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$10,000	100%
Perfect Beauty Group Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$20,000	100%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES — CONTINUED

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ issued and fully paid-up capital	Effective interest held by the Group
Indirect interests: — continued				
Perfect Specialist Clinic Limited	Hong Kong	Provision of medical, aesthetic medical and beauty and wellness services in Hong Kong	HK$1	100%
Loyal Fortunate Limited	The British Virgin Island	Investment holding in Hong Kong	1 share of US$1 each	100%
Perfect Shape Medical Beauty Australia Pty Ltd	Australia	Provision of medical, aesthetic medical and beauty and wellness services in Australia	AUD10	100%
New Beauty Australia Pty Ltd	Australia	Provision of medical, aesthetic medical and beauty and wellness services in Australia	AUD10	100%
Perfect Medical Aesthetics Clinic Pte. Limited	Singapore	Provision of medical, aesthetic medical and beauty and wellness services in Singapore	SGD400,000	100%
New Beauty Pte. Limited	Singapore	Provision of medical, aesthetic medical and beauty and wellness services in Singapore	SGD100	100%
廣州必瘦站纖體美容有限公司 (Guangzhou Perfect Shape Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
必瘦站企業管理諮詢 (深圳) 有限公司 (Perfect Shape Consultancy Shenzhen Limited)#	The PRC	Investment holding in the PRC	RMB1,000,000	100%
廣州瘦必站纖體美容有限公司 (Guangzhou Shape Perfect Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
北京纖麗佳企業管理諮詢有限公司 (Beijing Slimming Beauty Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
深圳瘦必站美容纖體有限公司 (Shenzhen Shape Perfect Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
上海慕詩企業管理諮詢有限公司 (Shanghai Mushi Consultancy Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%

37 PARTICULARS OF PRINCIPAL SUBSIDIARIES — CONTINUED

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ issued and fully paid-up capital	Effective interest held by the Group
Indirect interests: — continued				
上海必瘦站企業管理諮詢有限公司 (Shanghai Perfect Shape Consultancy Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
上海愛瑪企業管理諮詢有限公司 (Shanghai Emma Consultancy Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
必瘦站投資管理諮詢 (上海) 有限公司 (Shanghai Perfect Shape Investment Management Limited)#	The PRC	Investment holding in the PRC	RMB1,000,000	100%
上海必瘦站美容服務有限公司 (Shanghai Perfect Shape Cosmetic Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB10,000,000	100%
深圳瘦必站醫療美容診所 (Shenzhen Perfect Shape Cosmetic Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB200,000	100%
廣州羅紹淼醫療美容診所有限公司 (Guangzhou Luo Shao Miao Cosmetic Clinic Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
廣州臻美診所有限公司 (Guangzhou Zhenmei Clinic Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
上海必瘦站醫療科技有限公司 (Shanghai Perfect Shape Cosmetic Technology Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB1,000,000	100%
上海麗約信息科技有限公司 (Shanghai Liyue Xinxi Technology Limited)@	The PRC	Provision of medical, aesthetic medical and beauty and wellness services in the PRC	RMB500,000	100%

The company is established as a wholly foreign-owned enterprise in the PRC.

@ The company is established as a limited liability company in the PRC.

Note: The English names of the group companies established in the PRC represent the best effort by the directors in translating its Chinese name as they do not have official English names.

38 BALANCE SHEET OF THE COMPANY

	2023 HK$'000	2022 HK$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**22,035**	22,035
Amounts due from subsidiaries	**1,291,361**	1,215,845
	1,313,396	1,237,880
Current assets		
Prepayments and other receivables	**155**	155
Cash and cash equivalents	**3,081**	13,617
	3,236	13,772
Total assets	**1,316,632**	1,251,652
EQUITY		
Share capital	**125,653**	123,996
Reserves (Note (a))	**1,190,918**	1,127,595
Total equity	**1,316,571**	1,251,591
LIABILITY		
Current liability		
Accruals and other payables	**61**	61
Total equity and liability	**1,316,632**	1,251,652

The balance sheet of the Company was approved by the Board of Directors on 28 June 2023 and was signed on its behalf.

Au-Yeung Kong
Director

Au-Yeung Wai
Director

38 BALANCE SHEET OF THE COMPANY — CONTINUED

Note (a) Reserve movement of the Company

	Share premium HK$'000	Retained earnings HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Share-based compensation reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
At 1 April 2021	333,265	741,491	22,015	7,734	—	(2,002)	1,102,503
Profit for the year	—	432,996	—	—	—	—	432,996
Issuance of shares from settlement of scrip dividends (Note 12)	117,915	—	—	—	—	—	117,915
Dividends — cash and scrip dividends (Note 12)	(119,764)	(405,481)	—	—	—	—	(525,245)
Currency translation differences	—	—	—	—	—	1,372	1,372
Share-based payment (Note 15)	—	—	—	—	4,582	—	4,582
Issuance of shares upon the exercise of share options (Note 27(a))	19,411	—	—	—	(4,582)	—	14,829
Repurchase and cancellation of ordinary shares (Note 27(b))	(21,668)	—	—	311	—	—	(21,357)
At 31 March 2022 and 1 April 2022	**329,159**	**769,006**	**22,015**	**8,045**	**—**	**(630)**	**1,127,595**
Profit for the year	**—**	**246,928**	**—**	**—**	**—**	**—**	**246,928**
Issuance of shares from settlement of scrip dividends (Note 12)	**58,272**	**—**	**—**	**—**	**—**	**—**	**58,272**
Dividends — cash and scrip dividends (Note 12)	**(59,807)**	**(191,785)**	**—**	**—**	**—**	**—**	**(251,592)**
Currency translation differences	**—**	**—**	**—**	**—**	**—**	**630**	**630**
Share-based payment (Note 15)	**—**	**—**	**—**	**—**	**4,237**	**—**	**4,237**
Issuance of shares upon the exercise of share options (Note 27(a))	**18,862**	**—**	**—**	**—**	**(4,237)**	**—**	**14,625**
Repurchase and cancellation of ordinary shares (Note 27(b))	**(10,027)**	**—**	**—**	**250**	**—**	**—**	**(9,777)**
At 31 March 2023	**336,459**	**824,149**	**22,015**	**8,295**	**—**	**—**	**1,190,918**

Note:

Pursuant to the reorganisation in preparation for the listing of the shares of the Company on the Stock Exchange (the "Reorganisation"), the Company acquired the entire issued share capital of Success Honour Holdings Limited, Perfect Shape Holdings (China) Limited, Perfect Shape & Skin Management Co., Ltd. and Perfect Shape Advertising Company Limited, the then holding companies of all other companies comprising the Group and consequently became the holding company of the Group. The Reorganisation was completed on 1 December 2011.

The capital reserve of the Company represents the difference between the aggregate of consideration paid and nominal amounts of the Company's shares issued pursuant to the Reorganisation, and the value of net assets of the underlying subsidiaries.

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments (regarded as key management compensation)

Details of directors' emolument were disclosed in Note 16.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2022: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2023, the Company did not pay consideration to any third parties for making available directors' services (2022: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 March 2023, there were no loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors (2022: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 35 to the consolidated financial statements, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2023 (2022: Nil).