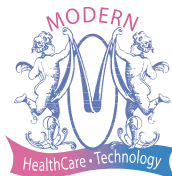


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## **MODERN HEALTHCARE TECHNOLOGY HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 919)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024**

The Board of Directors (“the Board”) of MODERN HEALTHCARE TECHNOLOGY HOLDINGS LIMITED (“the Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 March 2024 (“FY2024” or “the year under review”), with comparative figures for the year ended 31 March 2023 (“FY2023”) as follows. The consolidated results for the year ended 31 March 2024 have been reviewed by the audit committee of the Company.

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 March 2024*

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	<b>2023</b> <i>HK\$'000</i>
<b>Revenue</b>	5	<b>454,706</b>	406,327
Other income	6	<b>8,841</b>	34,493
Cost of inventories sold		<b>(14,475)</b>	(11,605)
Advertising costs		<b>(4,214)</b>	(3,051)
Building management fees		<b>(12,128)</b>	(11,950)
Bank charges		<b>(22,717)</b>	(21,604)
Employee benefit expenses	7(a)	<b>(287,433)</b>	(274,892)
Depreciation and amortisation		<b>(76,634)</b>	(87,235)
Other operating expenses		<b>(50,361)</b>	(42,400)

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Loss from operations</b>		<b>(4,415)</b>	(11,917)
Finance costs	7(c)	<b>(5,917)</b>	(1,771)
Interest income		<b>4,142</b>	891
Fair value change on investment properties		<b>(5,800)</b>	(5,490)
Net gain on disposal of subsidiaries		<b>2,402</b>	–
		<hr/>	<hr/>
<b>Loss before taxation</b>	7	<b>(9,588)</b>	(18,287)
Income tax credit/(expense)	8	<b>962</b>	(1,839)
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(8,626)</b>	(20,126)
		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(9,571)</b>	(20,607)
Non-controlling interests		<b>945</b>	481
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(8,626)</b>	(20,126)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share (HK cents)</b>	9		
Basic		<b>(1.06)</b>	(2.28)
		<hr/> <hr/>	<hr/> <hr/>
Diluted		<b>(1.06)</b>	(2.28)
		<hr/> <hr/>	<hr/> <hr/>

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

*For the year ended 31 March 2024*

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(8,626)</u>	<u>(20,126)</u>
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of foreign operations	555	797
– Release of exchange reserve upon disposal of subsidiaries	<u>(1,422)</u>	<u>–</u>
<b>Other comprehensive income for the year</b>	<u>(867)</u>	<u>797</u>
<b>Total comprehensive income for the year</b>	<u>(9,493)</u>	<u>(19,329)</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(10,438)	(19,810)
Non-controlling interests	<u>945</u>	<u>481</u>
<b>Total comprehensive income for the year</b>	<u>(9,493)</u>	<u>(19,329)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>195,911</b>	128,826
Investment properties		<b>39,100</b>	44,900
Intangible assets		–	–
Goodwill		–	–
Deposits and prepayments	<i>10</i>	<b>12,530</b>	5,313
Deferred tax assets		<b>206</b>	423
		<u>247,747</u>	<u>179,462</u>
<b>Current assets</b>			
Inventories		<b>8,391</b>	7,819
Trade and other receivables, deposits and prepayments	<i>10</i>	<b>134,043</b>	145,486
Tax recoverable		<b>93</b>	3,206
Pledged bank deposits		<b>27,106</b>	47,846
Bank deposits with original maturity over three months		<b>5,674</b>	5,620
Cash and bank balances		<b>187,982</b>	171,910
		<u>363,289</u>	<u>381,887</u>
<b>Current liabilities</b>			
Trade and other payables, deposits received and accrued expenses	<i>11</i>	<b>51,861</b>	71,532
Deferred revenue	<i>12</i>	<b>251,383</b>	242,762
Lease liabilities		<b>55,725</b>	25,777
Bank loan		<b>597</b>	–
Tax payable		<b>1,585</b>	2,431
		<u>361,151</u>	<u>342,502</u>
<b>Net current assets</b>		<u>2,138</u>	<u>39,385</u>
<b>Total assets less current liabilities</b>		<u>249,885</u>	<u>218,847</u>

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>49,895</b>	14,333
Bank loan		<b>355</b>	–
Long service payment liabilities		<b>3,108</b>	–
Reinstatement provision	<i>11</i>	<b>1,991</b>	–
Deferred tax liabilities		<b>149</b>	634
		<u><b>55,498</b></u>	<u>14,967</u>
<b>NET ASSETS</b>		<u><b>194,387</b></u>	<u>203,880</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>90,448</b>	90,448
Reserves		<b>98,884</b>	109,322
<b>Total equity attributable to equity shareholders of the Company</b>		<b>189,332</b>	199,770
Non-controlling interests		<b>5,055</b>	4,110
<b>TOTAL EQUITY</b>		<u><b>194,387</b></u>	<u>203,880</u>

## **NOTES TO THE ANNOUNCEMENT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### **1 GENERAL INFORMATION**

Modern Healthcare Technology Holdings Limited (“the Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is PO Box 309 GT, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Work Shop Nos. 66-68, 6th Floor, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

The Company is an investment holding company. The principal activities of its subsidiaries are provision of beauty and wellness services and the sales of skincare and wellness products. In the opinion of the directors of the Company, Dr. Tsang Yue, Joyce (“Dr. Tsang”), who is a director of the Company, is the ultimate controlling party of the Company.

### **2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The consolidated results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements for the year ended 31 March 2024 comprise the Company and its subsidiaries (“the Group”).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in the consolidated financial statements.

### **3 CHANGES IN ACCOUNTING POLICIES**

#### **(i) New and amended HKFRSs**

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

#### **(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism**

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. The change in accounting policy did not have a material impact to the Group’s financial statements.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4 SEGMENT INFORMATION

The Group has two reportable segments as follows:

Beauty and wellness services	–	Provision of beauty and wellness services
Skincare and wellness products	–	Sales of skincare and wellness products

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Segment profits do not include other income, interest income and fair value changes on investment properties, net gain on disposal of subsidiaries, unallocated costs, which comprise corporate administrative expenses, and income tax credit/expense. Segment assets do not include investment properties, deferred tax assets and tax recoverable. Segment liabilities do not include tax payable, deferred tax liabilities and amounts due to related companies and the ultimate controlling party.

- (a) Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2024 and 2023 is set out below.

	<b>Beauty and wellness services HK\$'000</b>	<b>Skincare and wellness products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 March 2024</b>			
Revenue from external customers	<b>419,688</b>	<b>35,018</b>	<b>454,706</b>
Reportable segment (loss)/profit	<b>(10,052)</b>	<b>17,279</b>	<b>7,227</b>
<b>Other segment information:</b>			
Additions to property, plant and equipment (excluding acquisition of a subsidiary)	<b>136,566</b>	<b>9,072</b>	<b>145,638</b>
Depreciation and amortisation	<b>71,874</b>	<b>4,760</b>	<b>76,634</b>
<b>As at 31 March 2024</b>			
Reportable segment assets	<b>556,458</b>	<b>15,179</b>	<b>571,637</b>
Reportable segment liabilities	<b>388,948</b>	<b>25,927</b>	<b>414,875</b>



	Beauty and wellness services <i>HK\$'000</i>	Skincare and wellness products <i>HK\$'000</i>	Total <i>HK\$'000</i>
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**Year ended 31 March 2023**

Revenue from external customers	373,444	32,883	406,327
Reportable segment (loss)/profit	(42,201)	14,903	(27,298)

**Other segment information:**

Additions to property, plant and equipment	63,394	3,859	67,253
Depreciation and amortisation	81,967	5,268	87,235

**As at 31 March 2023**

Reportable segment assets	502,500	10,320	512,820
Reportable segment liabilities	<u>334,488</u>	<u>19,789</u>	<u>354,277</u>

**(b) Reconciliations of reportable segment loss, assets and liabilities**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss</b>		
Reportable segment profit/(loss)	<b>7,227</b>	(27,298)
Other income	<b>8,841</b>	34,493
Interest income	<b>4,142</b>	891
Fair value change on investment properties	<b>(5,800)</b>	(5,490)
Net gain on disposal of subsidiaries	<b>2,402</b>	–
Unallocated costs	<b>(26,400)</b>	(20,883)
Income tax credit/(expense)	<b>962</b>	(1,839)
Consolidated loss for the year	<u><b>(8,626)</b></u>	<u>(20,126)</u>
<b>Assets</b>		
Reportable segment assets	<b>571,637</b>	512,820
Investment properties	<b>39,100</b>	44,900
Deferred tax assets	<b>206</b>	423
Tax recoverable	<b>93</b>	3,206
Consolidated total assets	<u><b>611,036</b></u>	<u>561,349</u>

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Liabilities</b>		
Reportable segment liabilities	<b>414,875</b>	354,277
Tax payable	<b>1,585</b>	2,431
Deferred tax liabilities	<b>149</b>	634
Amounts due to related companies	<b>38</b>	125
Amount due to the ultimate controlling party	<b>2</b>	2
	<u>          </u>	<u>          </u>
Consolidated total liabilities	<b><u>416,649</u></b>	<b><u>357,469</u></b>

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current asset is based on the physical location of the asset, in the case of property, plant and equipment. Specified non-current assets do not include investment properties, intangible assets, goodwill, deferred tax assets and deposits and prepayments.

	<b>Revenue from</b>		<b>Specified</b>	
	<b>external customers</b>		<b>non-current assets</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong				
(place of domicile)	<b>399,381</b>	350,572	<b>154,280</b>	95,528
PRC	<b>4,546</b>	8,727	–	2,552
Singapore	<b>49,991</b>	45,716	<b>40,460</b>	29,542
Australia	<b>788</b>	1,312	<b>1,171</b>	1,204
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b><u>454,706</u></b>	<b><u>406,327</u></b>	<b><u>195,911</u></b>	<b><u>128,826</u></b>

## 5 REVENUE

The principal activities of the Group are the provision of beauty and wellness services and sales of skincare and wellness products.

The amount of each significant category of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Revenue recognised from provision of beauty and wellness services and expiry of prepaid beauty packages	419,688	373,444
Sales of skincare and wellness products	<u>35,018</u>	<u>32,883</u>
	<u><b>454,706</b></u>	<u><b>406,327</b></u>

Since all the revenue comprises revenue recognised from provision of beauty and wellness services and expiry of prepaid beauty packages and sales of skincare and wellness products transferred to customers at a point in time, no revenue is derived from services transferred over time.

Disaggregation of revenue from contracts with customers by geographical segment is disclosed in note 4(c).

## 6 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Income from provision of domestic helper agency services	2,725	2,806
COVID-19-related rent concessions received	–	1,721
Rental income	1,553	1,553
Government grants ( <i>note</i> )	–	23,730
Net gain on disposal of property, plant and equipment	2,550	270
Others	<u>2,013</u>	<u>4,413</u>
	<u><b>8,841</b></u>	<u><b>34,493</b></u>

*Note:* During the year ended 2023, the Group successfully applied for funding support from the Government and other authorities. The purpose of those funding was to provide financial support to enterprises under COVID-19 situation.

## 7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

### (a) Employee benefit expenses (including directors' remuneration)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries, wages and other benefits	272,635	261,914
Contributions to defined contribution retirement plans	14,166	12,978
Long service payments	632	–
	<u>287,433</u>	<u>274,892</u>

### (b) Other items

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	4,394	4,164
Net foreign exchange loss	162	32
	<u>4,556</u>	<u>4,196</u>

### (c) Finance costs

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	5,907	1,771
Interest on bank loan	10	–
	<u>5,917</u>	<u>1,771</u>

## 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	377	499
Over-provision in respect of prior years	<u>(2,286)</u>	<u>(208)</u>
	----- <b>(1,909)</b>	----- 291
<b>Current tax – Overseas</b>		
Provision for the year	1,572	936
Over-provision in respect of prior years	<u>(6)</u>	<u>(179)</u>
	----- <b>1,566</b>	----- 757
<b>Deferred tax</b>		
Originated and reversal of temporary differences	<u>(619)</u>	<u>791</u>
Tax (credit)/expense	<u><u>(962)</u></u>	<u><u>1,839</u></u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 9 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$9,571,000 (2023: HK\$20,607,000) and the weighted average number of 904,483,942 ordinary shares (2023: weighted average number of 904,483,942 ordinary shares) in issue during the year. Diluted loss per share is the same as basic loss per share as there were no dilutive potential shares in issue throughout the years ended 31 March 2024 and 2023.

## 10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>		
Deposits and prepayments	12,530	5,313
<b>Current assets</b>		
Trade receivables, net of loss allowance for expected credit loss	19,809	14,615
Trade deposits retained by bank/credit card companies ( <i>Note</i> )	89,099	102,539
Rental and other deposits, prepayments and other receivables	25,130	28,140
Amounts due from related companies	5	192
	<u>134,043</u>	<u>145,486</u>
	<u>146,573</u>	<u>150,799</u>

*Note:* Trade deposits represent trade receivables that were retained by the banks/credit card companies in reserve accounts to secure the Group's performance of services to customers who paid for the services by credit cards, in accordance with the merchant agreements entered into between the Group and the banks/credit card companies.

### (a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for expected credit loss, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	10,814	6,796
31 – 60 days	1,968	2,291
61 – 90 days	3,050	1,886
91 – 180 days	3,977	3,642
	<u>19,809</u>	<u>14,615</u>

Trade receivables are due within 7 – 180 days (2023: 7 – 180 days) from the date of billing.

The ageing analysis of the trade receivables based on the payment due date and net of allowance for expected credit losses is as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current (not past due)	<b>19,758</b>	13,474
Less than 30 days past due	<b>1</b>	136
31 – 60 days past due	–	377
61 – 90 days past due	–	58
91 – 180 days past due	<b>50</b>	570
	<u><b>19,809</b></u>	<u>14,615</u>

**(b) Impairment of trade receivables**

No expected credit loss allowance was provided in respect of trade receivables during the years ended 31 March 2024 and 2023.

**11 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES**

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current liabilities		
Reinstatement provision	<u><b>1,991</b></u>	<u>–</u>
Current liabilities		
Trade payables	<b>1,323</b>	1,323
Other payables, deposits received and accrued expenses	<b>50,498</b>	70,082
Amount due to the ultimate controlling party	<b>2</b>	2
Amounts due to related companies	<b>38</b>	125
	<u><b>51,861</b></u>	<u>71,532</u>
	<u><b>53,852</b></u>	<u>71,532</u>

All of the trade and other payables, deposit received and accrued expenses are expected to be settled or recognised as income within one year or are repayable on demand.

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

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 90 days	<b>930</b>	1,314
Over 90 days	<b>393</b>	9
	<u><b>1,323</b></u>	<u>1,323</u>

## 12 DEFERRED REVENUE

(a) An ageing analysis of deferred revenue, based on invoice date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	<u>251,383</u>	<u>242,762</u>

(b) Movement of deferred revenue:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	242,762	204,183
Gross receipts from sales of prepaid beauty packages	433,531	412,077
Revenue recognised for provision of beauty and wellness services and expiry of prepaid beauty packages	(419,688)	(373,444)
Disposal of subsidiaries	(4,790)	–
Exchange differences	<u>(432)</u>	<u>(54)</u>
At the end of the year	<u>251,383</u>	<u>242,762</u>

The amount of revenue recognised for the year ended 31 March 2024 (2023: year ended 31 March 2023) that was included in deferred revenue as at 1 April 2023 was HK\$242,762,000 (1 April 2022: HK\$204,183,000).

## 13 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).



## BUSINESS REVIEW

### Overview

During the financial year ended 31 March 2024 (“FY2024” or “the year under review”), revenue of the Group amounted to approximately HK\$454.7 million, representing an increase of 11.9% compared with approximately HK\$406.3 million for the year ended 31 March 2023 (“FY2023” or the “same period last year”). The receipts from sales of prepaid beauty packages during the year under review was HK\$433.5 million, an increase of 5.2% over the same period last year. The employee benefit expenses and depreciation charge of other properties leased for own use increased by 4.6% to HK\$287.4 million and decreased by 7.6% to HK\$66.4 million respectively as compared with the same period last year. The Group recorded an operating loss of HK\$4.4 million during the year under review (FY2023: operating loss of HK\$11.9 million).

Below is the key statistics:

	For the year ended 31 March		
	2024	2023	Change
Revenue ( <i>HK\$ million</i> )	<b>454.7</b>	406.3	+11.9%
Operating loss margin (%)	<b>-1.0</b>	-2.9	+1.9 percentage points
Net loss margin (%)	<b>-1.9</b>	-5.0	+3.1 percentage points
Number of shops	<b>45</b>	46	-1
Employee benefit expenses ( <i>HK\$ million</i> )	<b>287.4</b>	274.9	+4.6%
– Depreciation charge of other properties leased for own use ( <i>HK\$ million</i> )	<b>66.4</b>	71.8	-7.6%
Total dividend per ordinary share ( <i>HK cents</i> )	<b>Nil</b>	Nil	–
Annual dividend pay-out ratio (%)	<b>N/A</b>	N/A	–
Gearing ratio (%)	<b>0.5</b>	N/A	–

*Note:* Gearing ratio represents bank loan over total equity.

### Hong Kong

During weekends and holidays, there is a mass exodus of people from Hong Kong to Shenzhen for shopping. With the increasing volume of cross-border consumption, the impact on Hong Kong retail sector and total employment is profound. The changing consumption pattern is certainly a cause of concern for Hong Kong’s future economic development. Nonetheless, leveraging on the industry leadership, good reputation and customer confidence built over years, the Group is confident that these challenges will be overcome effectively.

Revenue in Hong Kong during FY2024 increased by 13.9%. Revenue from services rendered and receipts from prepaid beauty packages during FY2024 were HK\$372.7 million and HK\$386.1 million respectively (FY2023: HK\$327.0 million and HK\$364.5 million), representing increase of 14.0% and increase of 5.9% respectively. Revenue from sales of skincare and wellness products was HK\$26.7 million in FY2024 (FY2023: HK\$23.5 million). Our customers in Hong Kong amounted up to a total of approximately 437,000 during the year under review, representing an increase of 0.9% as compared to approximately 433,000 in the same period last year.

Our Group has managed to reshuffle the portfolio of shops in Hong Kong and retain our staff as much as we can, and strive to enhance the operational efficiency in order to achieve long term healthy development for the Group. We will continue to ensure the safety and quality of the services and products offered in our beauty and wellness centres.

In terms of the sales of skincare and wellness products, as of 31 March 2024, the Group had a total of 8 stores under the names of “be Beauty Shop”, located across Hong Kong, Kowloon and New Territories. More than 100 varieties of products are available for sale under different series of skincare service, including “Y.U.E”, “Advanced Natural”, “be”, “Care Plus”, “Cellnoc”, “Malu Wilz”, “Dr Plus”, “Castille”, “Eclat du teint”, “p.e.n”, “FERRECARE”, “Byotea”, “Mu-lan Spa”, “Natural Care”, “Veribel” which can fulfil the needs of customers with different skin types.

### **Mainland China**

Before the end of FY2024, our two wholly owned foreign enterprises operating a total of 3 service centres in Shanghai and Guangzhou were disposed to a third party. The past performance of our China salon business has long been unsatisfactory in particular during and after the COVID-19 pandemic. The Group will focus our resources on the Hong Kong and Singapore market.

During the year under review, our service income and receipts from prepaid beauty packages in Mainland China amounted to HK\$4.5 million and HK\$5.2 million respectively, representing a decrease of 48.4% and a decrease of 11.4% respectively, as compared to the same period last year.

### **Singapore**

During FY2024, the Group operated a total of 7 beauty and wellness service centres in Singapore (FY2023: 6). During FY2024, the revenue from operations in Singapore was HK\$50.0 million, as compared with HK\$45.7 million for the same period last year. Revenue recognised for provision of beauty and wellness services and receipts from sales of prepaid beauty packages in Singapore amounted to HK\$42.5 million and HK\$42.3 million respectively, as compared with HK\$37.7 million and HK\$41.7 million for the same period last year.

The Group will proceed with its Singapore business development in a prudent and steady manner. With relentless dedication to customer satisfaction, we will continue to focus on providing quality services that serve our customers well and enhance our brand awareness.

## Financial Review

### Revenue

Set out below is a breakdown on the revenue of the Group by service lines and product sales during FY2024 (with comparative figures for FY2023):

	2024		For the year ended 31 March 2023		Change
	HK\$'000	Percentage of revenue	HK\$'000	Percentage of revenue	
Sales mix					
Beauty & facial	315,827	69.5%	274,627	67.6%	+15.0%
Slimming	88,641	19.5%	82,450	20.3%	+7.5%
Spa and massage	15,220	3.3%	16,367	4.0%	-7.0%
Beauty and wellness services	419,688	92.3%	373,444	91.9%	+12.4%
Sales of skincare and wellness products	35,018	7.7%	32,883	8.1%	+6.5%
Total	454,706	100%	406,327	100%	+11.9%

Revenue of the Group was mainly contributed by the beauty, facial and slimming services. The Group's revenue from beauty and wellness services increased by about 12.4% from approximately HK\$373.4 million in FY2023 to approximately HK\$419.7 million in FY2024.

The Group reported that gross receipts from the sales of new prepaid beauty packages of the Group amounted to HK\$433.5 million during FY2024, representing an increase of 5.2% compared with HK\$412.1 million for FY2023, while cash and cash equivalents at year end maintained at a healthy level.

Set out below is an analysis on the deferred revenue:

Movement of deferred revenue	For the year ended 31 March							
	2024				2023			
	Hong Kong HK\$'000	Mainland HK\$'000	Singapore HK\$'000	Total HK\$'000	Hong Kong HK\$'000	Mainland HK\$'000	Singapore HK\$'000	Total HK\$'000
At beginning of the year	216,265	4,280	22,217	242,762	178,766	7,707	17,710	204,183
Exchange differences	-	(175)	(257)	(432)	-	(577)	523	(54)
Gross receipts from sales of prepaid beauty packages	386,062	5,165	42,304	433,531	364,533	5,829	41,715	412,077
Revenue recognised for provision of beauty and wellness services and expiry of prepaid beauty package	(372,724)	(4,480)	(42,484)	(419,688)	(327,034)	(8,679)	(37,731)	(373,444)
Disposal of subsidiaries	-	(4,790)	-	(4,790)	-	-	-	-
At the end of the year	<u>229,603</u>	<u>-</u>	<u>21,780</u>	<u>251,383</u>	<u>216,265</u>	<u>4,280</u>	<u>22,217</u>	<u>242,762</u>

### Employee benefit expenses

Employee benefit expenses (including staff's salaries and bonuses as well as directors' remunerations) represented the largest component of the Group's operating costs. During the year under review, employee benefit expenses increased by about 4.6% from HK\$274.9 million in FY2023 to approximately HK\$287.4 million. Employee benefit expenses accounted for 63.2% of our revenue in FY2024, as compared to 67.7% for FY2023. The total headcount of the Group as at 31 March 2024 decreased by 3.7% to 844, as compared to a headcount of 876 for FY2023. The Group's remuneration policies are in line with the prevailing market practices and are determined based on the individual performance and experience. For the purpose of motivating and rewarding our staff, discretionary bonus and share options may be granted to eligible employees based on individual performance and the Group's results. The Group introduced the elite system, whereby excellent staff with outstanding performance may receive discretionary bonus in recognition of their contribution.

### Depreciation charge of other properties leased for own use

During the year under review, the Group's depreciation of other properties leases for own use were approximately HK\$66.4 million (2023: HK\$71.8 million), accounting for approximately 14.6% of our revenue (2023: 17.7%). As of 31 March 2024, the Group operated a total of 36 service centres in Hong Kong and Singapore with a total weighted average gross floor area of 169,000 square feet, representing a decrease of 1.2% as compared to 171,000 square feet in FY2023.

## Bank charges, advertising costs and building management fees

Bank charges recorded changes in line with gross receipts from sales of new prepaid beauty packages, which increased by 5.2% to HK\$22.7 million. Advertising costs amounted to HK\$4.2 million which remain the same as compared for the same period last year. Advertising costs as a percentage of revenue in FY2024 was 0.9% which remained stable compared with that of the same period last year. This reflected the Group's ability to enjoy cost advantage in advertising costs as it could spread such costs across an enlarged service centre network that covers Hong Kong and Singapore. Advertising cost is allocated in an effective way to raise brand awareness and capture a greater market share. Building management fees increased by about 1.5% from HK\$12.0 million in FY2023 to approximately HK\$12.1 million during the year under review. It accounts for 2.7% of our revenue in FY2024, as compared to 2.9% for FY2023.

## Other operating expenses

Set out below is a breakdown of the other operating expenses of the Group during FY2024 (with comparative figures for FY2023):

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Audit Fee	4,394	4,164
Administrative expenses ( <i>Note</i> )	6,868	5,971
Cleaning, sanitary and laundry	6,434	6,097
Consultancy fee	2,227	2,407
Government rent and rates	3,675	3,452
Insurance	3,085	2,848
Legal and professional fee	2,124	2,601
Repair and maintenance expenses	6,871	4,241
Utilities	7,550	6,222
Other expenses ( <i>Note</i> )	7,133	4,397
	<u>50,361</u>	<u>42,400</u>

*Note:* The administrative expenses for each of the years ended 31 March 2023 and 2024 included motor vehicles expenses, postage and courier expenses, printing and stationary, telephone and fax and transportation expenses. The other expenses for each of the years ended 31 March 2023 and 2024 mainly included recruitment, training and internet expenses.

## Net loss

The net loss attributable to equity shareholders of the Company was approximately HK\$9.6 million in FY2024, as compared to the net loss attributable to equity shareholders of the Company of HK\$20.6 million in FY2023. The Group will continue to expand its business when opportunities arise in order to achieve the long-term value added objective of maximising shareholders' returns.

## **Dividend per share**

The Board did not recommend any final dividend to the shareholders of the Company for the year under review (FY2023: Nil). As no interim dividend had been approved by the Board for the six months ended 30 September 2023, the total dividend for the year ended 31 March 2024 will be nil (FY2023: Nil).

## **Liquidity, financial resources and capital structure**

The Group generally finances its liquidity requirements through the gross receipts from sales of prepaid beauty packages and settlement of credit card prepayment transactions with banks. During the year under review, the Group maintained a healthy financial position with cash and bank balances of approximately HK\$193.6 million (FY2023: HK\$177.5 million) with bank borrowings of HK\$1.0 million (FY2023: Nil). The Group's cash is primarily used as working capital and to finance our normal operating expenses, as well as to pay for the purchase of skincare and wellness products, materials and consumable used in the provision of beauty and wellness services. During the year under review, except for cash at bank held for daily operation, the majority of the Group's cash was held under fixed and savings deposits as in line with the Group's prudent treasury policies.

## **Capital expenditure**

The total capital expenditure of the Group (excluding additions to right-of-use assets for leases of properties for own use) during the year under review was approximately HK\$14.6 million, as compared to HK\$14.3 million for the same period last year. The amount was mainly used leasehold improvements and equipment and machinery and motor vehicles in connection with the expansion and integration of its service network in Hong Kong and Singapore.

## **Contingent liabilities and capital commitment**

The Board considered that there was no material contingent liabilities as at 31 March 2024. The Group had capital commitment of HK\$1.0 million as at 31 March 2024 (31 March 2023: HK\$2.1 million), mainly for the acquisition of plant and equipment.

## **Charges on assets**

As of 31 March 2024, the Group had pledged bank deposits of HK\$27.1 million (31 March 2023: HK\$47.8 million) in favour of certain banks to secure banking facilities granted to certain subsidiaries in the Group.

At 31 March 2024, ownership interests in leasehold land and buildings held for own use with carrying values of HK\$50.5 million (2023: HK\$Nil) were pledged as securities for banking facilities.

## **Foreign exchange risk exposures**

The Group's transactions were mainly denominated in Hong Kong Dollars. However, the fluctuation in exchange rates of Hong Kong Dollars against and Singapore Dollars also affected the operating costs as the Group expanded its business to Mainland China and Singapore. Management will closely monitor the risk exposures faced by the Group, and will take necessary actions to minimise potential risks and strike a balance between our exposure and return so as to properly hedge such exposures.

## **Human resources and training**

The Group had a workforce of 844 staff as of 31 March 2024 (31 March 2023: 876 staff), including 685 front-line service centre staff in Hong Kong and 70 in Singapore. Back office staff totalled 67 in Hong Kong, 19 in Singapore and 3 in Australia. The Group reviews its remuneration policies on a regular basis with reference to the legal framework, market conditions and performance of the Group and individual staff. The Remuneration Committee also reviews the remuneration policies and packages of executive directors and senior management.

Pursuant to the remuneration policies of the Group, employees' remunerations comply with the legal requirements of all jurisdictions in which we operate and are in line with the market rates. During the year under review, total employee benefit expenses, including directors' emoluments, amounted to HK\$287.4 million, representing an increase of 4.6% as compared to HK\$274.9 million in FY2023. To enhance the service quality and core skills of our staff, the Group regularly organises training programs designed by the Group's senior management for its staff. In addition, the seminars also facilitate the interaction and communication between the Group's management and the general staff.

## **Outlook**

On 30 May, 2024, Companies Registry has granted the trust or company service provider license to Top Care Corporate Services (Hong Kong) Limited (the "Licensee"), which is the wholly owned subsidiary of the Company. The Licensee is licensed to carry on a trust or company service business in Hong Kong. Our highly-experienced professional team guides through every aspect of setting up and running companies and trusts with extensive knowledge of local rules and regulations in the region. Leveraging our global network and local expertise, we deliver exceptional client services with a view to building long-term relationships.

In November 2023, our Group has acquired 100% shares of Singapore Spa Institute Pte. Ltd. which has been engaged in Singapore for many years in the provision of consultancy, training and assessment in the spa industry, with a particular focus on spa therapists' knowledge and skills.

Singapore Spa Institute Pte. Ltd. offers full qualifications, certifiable courses, short courses and even company-specific contextualized training systems. Together with our long-established Beauty Expert International Academy in Hong Kong, our goal is to raise the professionalism and standards of the spa, beauty and wellness industry through our quality training and education in both Hong Kong and Singapore to the benefit of our Group and the society as a whole

In November 2023, the Group has opened its second GIG Café shop in Singapore. Leveraging on our strong customer network and services management that facilitate excellent quality assurance in Singapore, the Group aspires to continue developing and expanding our business scope to food and beverage services in Singapore.

Looking ahead, parallel to our focus on beauty and slimming business, the Group will also actively seek new investment opportunities. The Group will persistently uphold the principles of quality products, professional services and honest operation.

### **Environmental Policies and Performance**

The Group understands that its business has an impact on the environment and recognises the importance of sound environmental management practices and sustainable business operations. It is committed to comply with the relevant environmental standards and policies related to its business operations as set by the relevant governments. The Group has implemented a number of environment-friendly measures in its operations and workplaces including but not limited to retail shops, warehouses and offices. In its day-to-day operations, the Group advocates “paperless office” and actively promotes electronic management information system. It also sets up required equipment in order to arrange different kinds of meeting by using teleconference and video conference, resulting in savings in time and resources. For retail shops, the Group has implemented energy saving practices by using some LED lighting fixtures.

### **Compliance with Laws and Regulations**

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has conducted on-going review of the newly enacted laws and regulations affecting the operations of the Group and provides relevant trainings and guidance to the staff. The Group has complied with the relevant laws and regulations of its places of operation that have significant impact on the operations of the Group for the year ended 31 March 2024.



## **Key Relationships**

### **(a) *Employees***

The Group believes that employees are a key element to the success of its business, so it strives to maintain a high staff retention rate by providing competitive remuneration package and developing harmonious workplace. To enhance capabilities and effectiveness of its employees in operation, the Group provides them with a comprehensive training program which includes quality service skills, product knowledge and language and interpersonal skills. In addition, the Group would organise regular retail staff gatherings to promote team spirits and award retail staff who had outstanding sales performance.

### **(b) *Consumers***

The Group provides direct service to consumers in its retail and salon shops. To ensure continuous improvement of the quality of products and services, the Group regularly conducts internal and external market surveys to interact with consumers to gain market insights and feedback.

### **(c) *Suppliers***

The Group has established long standing cooperation relationship with certain suppliers. It selects its suppliers prudently. The relevant suppliers need to fulfill certain assessment criteria of the Group, including, among others, financial capability, reputation and history of meeting our standards for raw materials or finished products.

### **(d) *Shareholders and Investors***

The Board believes effective communication and accurate and timely information disclosure builds the Shareholders' and investors' confidence, and also facilitates the flow of constructive feedback and ideas that are beneficial for investor relations and future corporate development.

## **Principal risks and uncertainties**

1. Macroeconomic changes – The Group's business is sensitive to the general economic conditions and other factors like consumer credit.
2. Regulatory & political risk of business – This includes legal regulation update in Hong Kong, especially the Trade Description Ordinance Chapter 362, Law of Hong Kong, since the Group's business mainly operates in Hong Kong. In addition, the Group would develop markets in Mainland China further, which also bring more risk in relation to regulatory and political changes.

3. Market competition – The Group is under intense pressure to compete on both price and service as large and small, regional or niche competitors attempt to increase market share.
4. Foreign currency risk associated with the Group’s investment – The Group may be exposed to transaction and translation (exchange rate) risks, particularly Renminbi, Singapore Dollars and Australian Dollars, and associated financial cost risks.
5. Rising costs of Hong Kong business – This mainly refers to increasing operational cost resulting from uncertain economic environment.
6. Reputation and performance risk of skincare and wellness products business of the Group – The Group’s business is dependent on its reputation and quality of service and the Group may lose potential business if the quality of its products and service are called into question.

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

During the year under review, the Company did not redeem, and neither the Company nor any of its subsidiaries purchased or sold, any of the Company’s listed securities.

## **CLOSURE OF REGISTER OF MEMBERS**

The Annual General Meeting (“AGM”) is scheduled to be held on Wednesday, 28 August 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 August 2024 to Wednesday, 28 August 2024, both days inclusive, during which period no transfer of Share will be effected. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 August 2024.

## **CORPORATE GOVERNANCE PRACTICE**

The Company is committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value, which emphasise transparency, accountability and independence.

The Company has adopted the code provisions (“Code Provisions”) set out in the Corporate Governance Code (taking effect from 1 April 2012) (the “Code”) as set out in Appendix 14 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

During the year under review, the Company met the Code Provisions in the Code, except for the deviation from Code provision C.2.1 and Code provision F.2.2 as set out below.

## **CHAIRPERSON AND CHIEF EXECUTIVE OFFICER (“CEO”)**

During the year under review, Dr. Tsang Yue, Joyce (“Dr. Tsang”) was both the Chairperson and CEO of the Company. Code provision C.2.1 of the Code stipulates that the role of chairperson and chief executive should be separate and should not be performed by the same individual. After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairperson of the Board alone. Further, there is a clear division of responsibilities between the management of the Board and the day-to-day management of the business of the Company, which relies on the support of the senior management. As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the senior management of the Group.

## **CODE PROVISION F.2.2**

Code Provision F.2.2 provides that the chairman of the board should attend the annual general meeting.

Dr. Tsang Yue, Joyce, the Chairperson of the Board, was absent from the Annual General Meeting of the Company held on 28 August 2023 due to personal reason.

## **SCOPE OF WORK OF KPMG**

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

### *Independent Non-executive Director*

Ms. Liu Mei Ling, Rhoda (*Chairperson*)

Dr. Wong Man Hin, Raymond

Mr. Hong Po Kui, Martin

The Audit Committee has reviewed and approved the Group's annual results for the year ended 31 March 2024 prior to their approval by the Board.

## PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and on the website of the Company at [www.modernhealthcaretech.com](http://www.modernhealthcaretech.com) under "Investor Relations – Statutory Announcements". The Annual Report and the Notice of Annual General Meeting will be despatched to the shareholders on or about 26 July 2024 and will be available at the Stock Exchange's and the Company's websites at the same time.

On behalf of the Board,  
**DR. TSANG YUE, JOYCE**  
*Chairperson & Chief Executive Officer*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Board consists of three executive Directors, Dr. Tsang Yue, Joyce, Mr. Yip Kai Wing and Ms. Yeung See Man and four independent non-executive Directors, Ms. Liu Mei Ling, Rhoda, Dr. Wong Man Hin, Raymond, Mr. Hong Po Kui, Martin and Mr. Lam Tak Leung, MH, JP.*