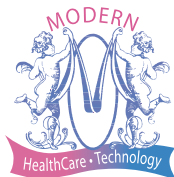


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MODERN HEALTHCARE TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 919)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors (“the Board” or the “Directors”) of Modern Healthcare Technology Holdings Limited (“the Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as “the Group”) for the six months ended 30 September 2024 (“the period under review”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2024 – unaudited

		Six months ended	
		30 September	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	224,248	211,343
Other income	6	6,621	3,424
Cost of inventories sold		(9,536)	(5,648)
Advertising costs		(1,031)	(1,576)
Building management fees		(5,710)	(6,118)
Bank charges		(12,522)	(11,581)
Employee benefit expenses		(148,071)	(154,926)
Depreciation and amortisation		(37,592)	(37,867)
Other operating expenses		(26,475)	(26,683)

		Six months ended	
		30 September	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Loss from operations		(10,068)	(29,632)
Interest income		2,161	1,788
Fair value change on investment properties		(5,305)	1,612
Finance costs	7(a)	<u>(2,504)</u>	<u>(3,023)</u>
Loss before taxation	7	(15,716)	(29,255)
Income tax (expense)/credit	8	<u>(409)</u>	<u>686</u>
Loss for the period		<u>(16,125)</u>	<u>(28,569)</u>
Attributable to:			
Equity shareholders of the Company		(16,302)	(28,802)
Non-controlling interests		<u>177</u>	<u>233</u>
Loss for the period		<u>(16,125)</u>	<u>(28,569)</u>
Loss per share (HK cents)	9		
Basic		<u>(1.80)</u>	<u>(3.18)</u>
Diluted		<u>(1.80)</u>	<u>(3.18)</u>

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

for the six months ended 30 September 2024 – unaudited

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(16,125)	(28,569)
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>2,065</u>	<u>(1,506)</u>
Other comprehensive income for the period	<u>2,065</u>	<u>(1,506)</u>
Total comprehensive income for the period	<u>(14,060)</u>	<u>(30,075)</u>
Attributable to:		
Equity shareholders of the Company	(14,237)	(30,308)
Non-controlling interests	<u>177</u>	<u>233</u>
Total comprehensive income for the period	<u>(14,060)</u>	<u>(30,075)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2024 – unaudited

		At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		183,253	195,911
Investment properties		33,795	39,100
Intangible assets		–	–
Goodwill		–	–
Deposits and prepayments	10	14,858	12,530
Deferred tax assets		233	206
		232,139	247,747
		232,139	247,747
Current assets			
Inventories		13,378	8,391
Trade and other receivables, deposits and prepayments	10	127,421	134,043
Tax recoverable		115	93
Pledged bank deposits		21,720	27,106
Bank deposits with original maturity over three months		5,944	5,674
Cash and bank balances		184,980	187,982
		353,558	363,289
		353,558	363,289
Current liabilities			
Trade and other payables, deposits received and accrued expenses	11	52,264	51,861
Deferred revenue	12	257,011	251,383
Lease liabilities		55,649	55,725
Bank loan		686	597
Tax payable		1,540	1,585
		367,150	361,151
		367,150	361,151
Net current (liabilities)/assets		(13,592)	2,138
Total assets less current liabilities		218,547	249,885

	At	At
	30 September	31 March
	2024	2024
<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities		
Lease liabilities	32,892	49,895
Bank loan	–	355
Long service payment liabilities	2,920	3,108
Reinstatement provision	2,394	1,991
Deferred tax liabilities	14	149
	<u>38,220</u>	<u>55,498</u>
NET ASSETS	<u>180,327</u>	<u>194,387</u>
CAPITAL AND RESERVES		
Share capital	90,448	90,448
Reserves	84,647	98,884
Total equity attributable to equity shareholders of the Company	175,095	189,332
Non-controlling interests	5,232	5,055
TOTAL EQUITY	<u>180,327</u>	<u>194,387</u>

NOTES TO THE ANNOUNCEMENT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

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 Group's principal activities 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 BASIS OF PREPARATION

The unaudited consolidated interim financial information set out in this announcement does not constitute the Group's unaudited interim financial report for the six months ended 30 September 2024 but is extracted from that unaudited interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2025. Details of any changes in accounting policies are set out in note 3.

As at 30 September 2024, the Group had net current liabilities of HK\$13,592,000. Notwithstanding the net current liabilities of the Group at 30 September 2024, the Group's interim financial report has been prepared on a going concern basis because the directors are of the opinion that the Group would have adequate funds to meet its obligation, as and when they fall due, having regard to the deferred revenue of HK\$257,011,000 which represents non-cancellable contracts of beauty and wellness packages and will be recognised as income within 12 months.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to shareholders. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments has 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.

The accounting policies of the operating segments are the same as those described in the Group's annual financial statements for the year ended 31 March 2024. Segment profits do not include other income, interest income, fair value change on investment properties, unallocated costs, which comprise corporate administrative expenses, and income tax expense/credit. Segment assets do not include investment properties, deferred tax assets and tax recoverable. Segment liabilities do not include tax payable, deferred tax liabilities, 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 periods ended 30 September 2024 and 2023 is set out below.

	Beauty and wellness services <i>HK\$'000</i>	Skincare and wellness products <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2024			
Revenue from external customers	208,862	15,386	224,248
Reportable segment (loss)/profit	(13,784)	8,888	(4,896)
As at 30 September 2024			
Reportable segment assets	541,697	9,857	551,554
Reportable segment liabilities	383,043	20,733	403,776
For the six months ended 30 September 2023			
Revenue from external customers	194,885	16,458	211,343
Reportable segment (loss)/profit	(31,626)	9,064	(22,562)
As at 31 March 2024			
Reportable segment assets	556,458	15,179	571,637
Reportable segment liabilities	388,948	25,927	414,875

(b) **Reconciliations of reportable segment loss**

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Reportable segment loss	(4,896)	(22,562)
Other income	6,621	3,424
Interest income	2,161	1,788
Fair value change on investment properties	(5,305)	1,612
Unallocated costs	(14,297)	(13,517)
Income tax (expense)/credit	(409)	686
Consolidated loss for the period	(16,125)	(28,569)

(c) **Reconciliations of reportable segment assets and liabilities**

	At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
Assets		
Reportable segment assets	551,554	571,637
Investment properties	33,795	39,100
Deferred tax assets	233	206
Tax recoverable	115	93
	<hr/>	<hr/>
Consolidated total assets	585,697	611,036
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	403,776	414,875
Tax payable	1,540	1,585
Deferred tax liabilities	14	149
Amounts due to related companies	38	38
Amount due to the ultimate controlling party	2	2
	<hr/>	<hr/>
Consolidated total liabilities	405,370	416,649
	<hr/> <hr/>	<hr/> <hr/>

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:

	Six months ended 30 September 2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue recognised from provision of beauty and wellness services and expiry of prepaid beauty packages	208,862	194,885
Sales of skincare and wellness products	15,386	16,458
	<hr/>	<hr/>
	224,248	211,343
	<hr/> <hr/>	<hr/> <hr/>

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.

6 OTHER INCOME

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from provision of domestic helper agency services	1,723	1,331
Income from cafe operations	1,880	–
Rental income	777	777
Event admission fees	766	–
Net gain on disposals of property, plant and equipment	92	–
Others	1,383	1,316
	<u>6,621</u>	<u>3,424</u>

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(a) Finance costs</i>		
Interest on lease liabilities	2,495	3,023
Interest on bank loans	9	–
	<u>2,504</u>	<u>3,023</u>

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(b) Other items</i>		
Directors' remuneration	9,471	9,581
Depreciation		
– Owned property plant and equipment	6,358	4,760
– Right-of-use assets	31,234	33,107
Net foreign exchange loss	–	165
	<u>–</u>	<u>165</u>

8 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	242	(1,091)
Current tax – Overseas	246	133
Deferred tax	(79)	272
	<hr/>	<hr/>
Income tax expense/(credit)	<u>409</u>	<u>(686)</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 September 2024, 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 similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable 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\$16,302,000 (six months ended 30 September 2023: HK\$28,802,000) 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 interim period. Diluted loss per share is the same as basic loss per share as there were no dilutive potential shares in issue throughout the periods ended 30 September 2024 and 2023.

10 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
Non-current assets		
Deposits and prepayments	14,858	12,530
Current assets		
Trade receivables, net of loss allowance for expected credit loss	16,196	19,809
Trade deposits retained by banks/credit card companies (<i>Note</i>)	89,430	89,099
Rental and other deposits, prepayments and other receivables	21,730	25,130
Amounts due from related companies	65	5
	<u>127,421</u>	<u>134,043</u>
	<u>142,279</u>	<u>146,573</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 respective banks/credit card companies.

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

	At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
0 – 30 days	7,329	10,814
31 – 60 days	1,448	1,968
61 – 90 days	1,713	3,050
Over 90 days	5,706	3,977
	<u>16,196</u>	<u>19,809</u>

The Group's trading terms with its customers are mainly on credit card settlements. The credit period is generally 7 to 180 days (31 March 2024: 7 to 180 days) for the credit card settlement from the respective banks/credit card companies.

11 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Non-current liabilities		
Reinstatement provision	2,394	1,991
Current liabilities		
Trade payables	2,185	1,323
Other payables, deposits received and accrued expenses	50,039	50,498
Amount due to the ultimate controlling party	2	2
Amounts due to related companies	38	38
	<u>52,264</u>	<u>51,861</u>
	<u>54,658</u>	<u>53,852</u>

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

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

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Within 90 days	1,735	930
Over 90 days	450	393
	<u>2,185</u>	<u>1,323</u>

12 DEFERRED REVENUE

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

	At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
Within 1 year	<u>257,011</u>	<u>251,383</u>

(b) Movement of deferred revenue:

	At 30 September 2024 <i>HK\$'000</i>	At 31 March 2024 <i>HK\$'000</i>
At the beginning of the period/year	251,383	242,762
Gross receipts from sales of prepaid beauty packages	214,189	433,531
Revenue recognised for provision of beauty and wellness services and expiry of prepaid beauty packages	(208,862)	(419,688)
Disposal of subsidiaries	–	(4,790)
Exchange differences	301	(432)
At the end of the period/year	<u>257,011</u>	<u>251,383</u>

13 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 September 2024 and 2023.

BUSINESS REVIEW

Hong Kong

According to the Census and Statistics Department in Hong Kong, the retail sales of September 2024 in Hong Kong fell 6.9 per cent year on year, reflecting the continued impact of a change in consumption patterns, in particular the cross-border consumption in the post-pandemic era starting from 2023.

Nonetheless, an improved outlook for the Mainland China economy following the recent introduction of a wide range of stimulus measures, and a possible easing of the Hong Kong dollar alongside the US dollar with the commencement of the US interest rate cut, would be conducive to boosting sentiment and supporting spending.

The Group is currently operating 30 beauty and wellness service centers in Hong Kong with a total gross floor area of approximately 156,090 square feet, decreased by 5.5% when compared with the figure of 165,100 square feet as at 30 September 2023. Various comprehensive high quality beauty, slimming and facial services are offered to the general public including, inter alia, skincare, slimming, hairstyling, cosmetics, manicures, pedicures, electrology and aesthetics services.

With regard to the sales of skincare and wellness products, as of 30 September 2024, the Group had a total of 8 stores under the names of “be Beauty Shop”, locating across Hong Kong, Kowloon and the New Territories. More than 80 varieties of products are available for sale under different series of skincare service, such as “be”, “FERRECARE”, “p.e.n”, “Y.U.E”, “Advanced Natural”, “Malu Wilz”, “Byotea”, “Care Plus”, “Castille”, “Dr Plus”, “Eclat du teint”, “Natural Care”. The Group launched distributor brands “Malu Wilz”, “Byotea”, “Castille”, “Eclat du teint”, as well as further promoted our self-owned brands “p.e.n”, “be”, “FERRECARE”, “Y. U. E.”, “Advanced Natural”, “Dr Plus”, “Natural Care”, “Care Plus” with the aim of expanding our product sales business and potential clienteles through providing diversified high quality skincare products.

During the period under review, our service income and receipts from prepaid beauty packages in Hong Kong amounted to HK\$187,978,000 and HK\$192,384,000 respectively, representing an increase of 9.6% and a decrease of 3.0% respectively, as compared to the same period last year.

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 markets.

Singapore

The Group operates a total of 8 beauty and wellness service centres in Singapore, number of shops increased by one as compared with the same period last year. Our Singapore operations reported a revenue of HK\$24,639,000. Revenue from services rendered amounted to HK\$20,884,000, while receipts from sales of prepaid beauty packages amounted to HK\$21,805,000, increased by 1.2% and 4.7% respectively when compared with the same period last year.

FINANCIAL REVIEW

Revenue

Revenue of the Group was mainly contributed by the beauty, facial and slimming services. For the six months ended 30 September 2024, revenue of the Group increased by 6.1% to HK\$224,248,000 as compared to the same period last year.

Set out below is a breakdown of the revenue of the Group by service lines and product sales during the period under review:

Sales mix	For the six months ended 30 September 2024		2023		Change
	HK\$'000	Percentage of revenue	HK\$'000	Percentage of revenue	
Beauty & facial	157,891	70.4%	144,447	68.3%	+9.3%
Slimming	43,580	19.4%	42,846	20.3%	+1.7%
Spa and massage	7,391	3.3%	7,592	3.6%	-2.6%
Beauty and wellness services	208,862	93.1%	194,885	92.2%	+7.2%
Sales of skincare and wellness products	15,386	6.9%	16,458	7.8%	-6.5%
Total	<u>224,248</u>	<u>100%</u>	<u>211,343</u>	<u>100%</u>	<u>+6.1%</u>

Compared to the same period last year, the Group's revenue from beauty and facial services increased by 9.3% to HK\$157,891,000 (2023: HK\$144,447,000). Revenue from the slimming service increased to HK\$43,580,000 in the period under review, increased by approximately 1.7% from approximately HK\$42,846,000 in the same period of 2023.

Meanwhile, spa and massage revenue for the Group in the period under review decreased by 2.6% to HK\$7,391,000. As for the product revenue, it decreased by 6.5% to HK\$15,386,000 as compared to the same period last year.

Employee benefit expenses

Employee benefit expenses represent the largest component of the Group's operating expenses, decreased by approximately 4.4% to HK\$148,071,000, comparing to HK\$154,926,000 for the same period last year. The total headcount of the Group as at 30 September 2024 decreased by 4.3% to 850, as compared to a headcount of 888 for the same period last year. The decrease of the amount of employee benefits expenses is mainly due to the reduction of manpower. In order to attract and retain the talents to enhance the competitive advantages of the Group, elite system has been launched since 2010 to provide comprehensive training to improve the staff's customer services skills. Eminent employees with excellent performance will be entitled to discretionary bonuses offered by the management in recognition of their contribution.

Depreciation charge of other properties leased for own use

During the period under review, the Group's depreciation charge of other properties leases for own use were approximately HK\$31,234,000 (2023: HK\$33,107,000), accounting for approximately 13.9% of our revenue (2023: 15.7%). As of 30 September 2024, the Group operated a total of 30 service centres in Hong Kong with a total weighted average gross floor area of 156,090 square feet, representing a decrease of 5.5% as compared to 165,100 square feet for the same period last year. As of 30 September 2024, the Group had 8 centres (2023: 7 centres) in Singapore, with a total weighted average gross floor area of approximately 15,300 square feet (2023: approximately 14,600 square feet).

Bank charges, advertising costs and building management fees

Bank charges recorded changes in line with sales of new prepaid beauty packages, which increased by 8.1% to HK\$12,522,000. Advertising costs decreased to HK\$1,031,000 from HK\$1,576,000 for the same period last year. Advertising cost as a percentage of revenue in 2024 was 0.5% as compared to 0.7% for the same period last year. This reflected the Group's ability to enjoy cost advantage in advertising cost as it could spread such cost 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 decreased by about 6.7% from HK\$6,118,000 in 2023 to approximately HK\$5,710,000 during the period under review. It accounts for 2.5% of our revenue in 2024, as compared to 2.9% for the same period last year.

Other operating expenses

Set out below is a breakdown on the other operating expenses of the Group during the period under review (with comparative figures for the same period last year):

	For six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Audit Fee	2,060	2,195
Administrative expenses (<i>Note</i>)	3,922	3,467
Cleaning, sanitary and laundry	3,204	3,213
Consultancy fee	1,079	1,147
Government rent and rates	1,917	1,826
Insurance	1,432	1,675
Legal and professional fee	835	983
Repair and maintenance expenses	3,132	4,718
Utilities	3,993	3,926
Other expenses	4,901	3,533
	<u>26,475</u>	<u>26,683</u>

Note: The administrative expenses for each of the periods ended 30 September 2024 and 2023 included motor vehicles expenses, postage and courier expenses, printing and stationary, telephone and fax and transportation expenses.

Net loss

For the six months ended 30 September 2024, the net loss was approximately HK\$16,125,000, as compared to the net loss of HK\$28,569,000 for the same period last year. 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. Loss per share for the period under review was HK1.80 cents as compared to the loss per share of HK3.18 cents for the same period last year.

Interim dividend

No dividends have been paid or declared by the Company during the six months ended 30 September 2024 and 2023.

Liquidity, capital structure and treasury policies

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. The total equity of the Group as at 30 September 2024 was HK\$180,327,000. Cash and bank balances and bank deposits as at 30 September 2024 amounted to HK\$190,924,000 (31 March 2024: HK\$193,656,000) with bank borrowings of HK\$686,000 (31 March 2024: HK\$952,000).

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 in banks at an annualized yield of approximately 1.9% as in line with the Group's prudent treasury policies.

During the period under review, the Group did not have any other security or capital investments, derivative investments, or hedging on foreign currencies.

Capital expenditure

The total capital expenditure of the Group (excluding additions to right of use assets) during the six months ended 30 September 2024 was approximately HK\$9,938,000, which was mainly used for the additions of leasehold improvements and equipment and machinery in connection with the expansion and integration of its service and retail networks in various regions. The capital expenditure for the same period last year was approximately HK\$756,000.

Contingent liabilities and capital commitment

The Group had capital commitment mainly for the acquisition of leasehold improvements. The Board considered that there were no material contingent liabilities as at 30 September 2024. The Group had capital commitment of HK\$2,023,000 as at 30 September 2024 (31 March 2024: HK\$1,020,000) in respect of the acquisition of leasehold improvements.

Charges on assets

As of 30 September 2024, the Group had pledged bank deposits of HK\$21,720,000 (31 March 2024: HK\$27,106,000) in favour of certain banks to secure banking facilities granted to certain subsidiaries in the Group.

Foreign exchange risk exposures

The Group's transactions were mainly denominated in Hong Kong Dollars. However, the exchange rates of Hong Kong Dollars against foreign currencies also affected the operating costs as the Group expanded its business to Southeast Asian regions and Australia. Therefore, the management will closely assess the foreign currency risk exposures faced by the Group, and will take the necessary actions to properly hedge such exposures.

Human resources and training

Total employee benefit expenses including directors' emoluments for the period under review amounted to HK\$148,071,000, representing a decrease of 4.4% as compared to HK\$154,926,000 for the same period last year. The Group had a workforce of 850 staff as of 30 September 2024 (30 September 2023: 888 staff), including 699 frontline service centre staff in Hong Kong and 62 in Singapore. Back office staff totaled 67 in Hong Kong and 22 in Singapore and Australia. To ensure our service quality, the Group regularly offers appropriate trainings to its staff, including the safe application of the latest beauty technology, exchanging of tips on service techniques, and in-depth introduction of our services and products. The trainings are designed by the Group's senior management, who are also responsible for certain teaching and sharing of experiences. During the training, the Group also encourages its staff to raise questions and express their opinions, which facilitates the interaction between the senior management and the general staff. Meanwhile, the sound communication between the management and the staff enables the management to understand the daily operations of the Group in a more efficient manner.

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 employees. The Remuneration Committee also reviews the remuneration policies and packages of executive directors and the 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.

CORPORATE SOCIAL RESPONSIBILITY

The Group has been providing beauty and facial and slimming services over the years and such extensive experience has guided us to attach great importance to the safety of our services and products. The Group exercises stringent quality control on its products, of which the ingredients and hygienic packaging have all been recognised internationally. The advanced machines used in our services have also passed various safety tests and have attained international safety standards.

In addition, the professionalism of our staff is also a key to service safety. The Group established the Beauty Expert International Academy in 2002 and our professional teachers have nurtured numerous highly skilled and well-rounded students. The teachers of the college possess years of experience in cosmetology training with different international professional accreditations, while the students can also take a number of internationally recognized examinations in order to acquire experience. The college enables the Group to recruit elites and talents as well as to arrange appropriate trainings or further studies for suitable staff, thus achieve a win-win situation. Upon completing their program, the students not only have the opportunity to join the Group's professional team, but also are able to explore their career path in other beauty businesses and contribute to the industry.

Concerning environmental protection, as part of our effort to provide a comfortable service environment while strongly support environmental protection, the Group has specific policies stipulating how to minimise the use of air conditioning and reduce our water consumption at service centres.

OUTLOOK

On 30 May 2024, Companies Registry has granted the trust or company service provider license to Top Care Corporate Services (Hong Kong) Limited (“Top Care”), which is the wholly owned subsidiary of the Company. Licensed to carry on a trust and company service business in Hong Kong, Top Care works together with our family offices management team to provide wealth management and wealth protection services for the benefit of our family office clients.

According to the Securities and Futures Commission (“SFC”) of Hong Kong, the total assets under management in Hong Kong's asset and wealth management industry exceeded HK\$31 trillion in 2023, representing a growth of 2.1%. Within the private banking and private wealth management sector, the assets under management from family offices and private trust clients reached HK\$1.45 trillion in 2023, a 76% increase from HK\$825 billion in 2017. This growth rate was significantly higher than the overall growth rate of 29% in the asset and wealth management industry in the world. With the continuous increase of high-net-worth individuals in Hong Kong, trust and family office businesses have become an important part of private wealth management.

Our team of specialists' tailor services to meet the individual requirements of single and multi-family offices, be they supporting high net worth individuals or extended wealthy families. We support our family office clients with estate, succession and tax planning, incorporation and administration of partnerships and companies. We can also help in the development and deployment of more complex structures such as special purpose vehicles and the ownership and management oversight of high-value commercial or residential property.

On the healthcare business segment, the Group will continue to develop strategic high-quality skincare and wellness products to meet market demands. We will also make every endeavor to explore into hightech-oriented aesthetics treatments, so as to provide beauty and wellness services of significant and lasting effect, and in hence to vigorously expand into a wider customer base.

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

During the period 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.

CORPORATE GOVERNANCE PRACTICES

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.

Non-Compliance with 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 2024 due to personal reason.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company (“the Directors”). Having made specific enquiry of all Directors, all Directors confirmed that they had complied with, and there had been no non-compliance with, the required standard set out in the Model Code and its code of conduct regarding the Directors’ securities transactions during the period under review.

Board Committees

The Board has established the following committees with defined terms of reference, which are on no less exacting terms than those set out in the Code:

- Remuneration Committee
- Nomination Committee
- Audit Committee

Each Committee has authority to engage outside consultants or experts as it considers necessary to discharge the Committee’s responsibilities. Minutes of all committees’ meetings are circulated to their members. To further reinforce independence and effectiveness, all Audit Committee members are Independent Non-executive Directors (“INEDs”), and the Nomination and Remuneration Committees have been structured with a majority of INEDs as members.

Remuneration Committee

The composition of the Remuneration Committee is as follows:

Independent Non-executive Directors

Dr. Wong Man Hin, Raymond (*Chairman*)
Ms. Liu Mei Ling, Rhoda
Mr. Hong Po Kui, Martin

Executive Director

Dr. Tsang Yue, Joyce

The responsibilities of Remuneration Committee are set out in its written terms of reference which include reviewing and determining the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management according to the policies as prescribed. Such policies are to link total compensation for senior management with the achievement of annual and long-term performance goals. By providing total compensation at competitive industry levels for delivering on-target performance, the Group seeks to attract, motivate and retain the key executives essential to its long-term success.

Nomination Committee

The composition of the Nomination Committee is as follows:

Executive Director

Dr. Tsang Yue, Joyce (*Chairman*)

Independent Non-executive Directors

Ms. Liu Mei Ling, Rhoda

Dr. Wong Man Hin, Raymond

Mr. Hong Po Kui, Martin

The Board established the Nomination Committee with written terms of reference which cover recommendations to the Board on the appointment of Directors, evaluation of Board composition, assessment of the independence of INEDs and the management of Board succession.

Audit Committee

The composition of the Audit Committee is as follows:

Independent Non-executive Directors

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

Dr. Wong Man Hin, Raymond

Mr. Hong Po Kui, Martin

The Audit Committee reviews the Group's financial reporting, internal controls and corporate governance issues and makes relevant recommendations to the Board. All Audit Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules. The Audit Committee had reviewed and approved the Group's interim results for the period under review prior to their approval by the Board.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event affecting the Group which occurred after the end of the reporting period up to the date of this announcement.

Publication of the Interim Results and Interim Report

This results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under “Latest Listed Company Information” and on the website of the Company at www.modernhealthcaretech.com under “Investor Relations – Statutory Announcements”. The Interim Report will be despatched to the shareholders on or about 23 December 2024 and will be available at the Stock Exchange’s and the Company’s websites at the same time.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, business partners and staff for their continuous support to the Group.

By Order of the Board
Modern Healthcare Technology Holdings Limited
Dr. Tsang Yue, Joyce
Chairperson

Hong Kong, 28 November 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 three Independent Non-executive Directors, Ms. Liu Mei Ling, Rhoda, Dr. Wong Man Hin, Raymond, Mr. Hong Po Kui, Martin and Mr. Lam Tak Leung.