



(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 919



MODERN

Healthcare Technology

2024/25

Interim Report 中期報告

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MANAGEMENT DISCUSSION AND ANALYSIS



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”, “FERRE CARE”, “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”, “FERRE CARE”, “Y. U. E.”, “Advanced Natural”, “Dr Plus”, “Natural Care”, “Care Plus” with the aim of expanding our product sales business and potential clientele 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.

Management Discussion and Analysis

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 | 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 | 224,248 | 100% | 211,343 | 100% | +6.1% |

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.

Management Discussion and Analysis

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 HK\$'000 | 2023 HK\$'000 |
| Audit Fee | 2,060 | 2,195 |
| Administrative expenses (Note) | 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 |
| | 26,475 | 26,683 |

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.

Management Discussion and Analysis

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.

At 30 September 2024, ownership interests in leasehold land and buildings held for own use with carrying values of HK\$49,443,000 (31 March 2024: HK\$50,530,000) were pledged as securities for banking facilities.

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.

Management Discussion and Analysis

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 recognized 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.

Management Discussion and Analysis

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.

CORPORATE INFORMATION

Board of Directors

Dr. Tsang Yue, Joyce (*Chairperson*)
Mr. Yip Kai Wing
Ms. Yeung See Man
Ms. Liu Mei Ling, Rhoda
(*Independent Non-executive Director*)
Dr. Wong Man Hin, Raymond
(*Independent Non-executive Director*)
Mr. Hong Po Kui, Martin
(*Independent Non-executive Director*)
Mr. Lam Tak Leung, *MH, JP*
(*Independent Non-executive Director*)

Authorised Representatives

Mr. Yip Kai Wing
Mr. Cheng Chi Ming

Company Secretary

Mr. Cheng Chi Ming

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Registered Office

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Workshops Nos. 66-68, 6th Floor
Sino Industrial Plaza
9 Kai Cheung Road
Kowloon Bay, Kowloon
Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with
the Financial Reporting Council Ordinance
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F., Far East Finance Centre,
16 Harcourt Road, Admiralty,
Hong Kong

Principal Bankers

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

Hang Seng Bank Limited
83 Des Voeux Road Central
Central
Hong Kong

Stock Code

919

Investors Relation

Email address:
ir@modernhealthcaretech.com

Website

www.modernhealthcaretech.com

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, the interests and short positions of the directors ("the Directors") and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within

the meaning of Part XV of the Securities and Futures Ordinance ("the SFO") as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in Shares, underlying Shares and Debentures of the Company

| Name | Capacity in which interests are held | Interests in Shares | Total Interests | Approximate Percentage of Issued Share Capital of the Company ¹ |
|----------------------|---|---------------------|-----------------|--|
| Dr. Tsang Yue, Joyce | Founder of a discretionary trust Interest of spouse ² | 677,247,942 | 677,247,942 | 74.88% |
| | | 650,000 | 650,000 | 0.07% |
| Mr. Yip Kai Wing | Beneficial Owner | 185,000 | 185,000 | 0.02% |
| Ms. Yeung See Man | Beneficial Owner | 172,000 | 172,000 | 0.02% |

Notes:

- The percentage has been compiled based on the total number of shares of the Company in issue as at 30 September 2024 (i.e. 904,483,942 shares).
- Dr. Tsang Yue, Joyce is the spouse of Dr. Lee Soo Ghee and is deemed to be interested in the shares in which Dr. Lee Soo Ghee is deemed or taken to be interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, to be entered in the register referred to therein, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the period under review was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Corporate Governance and Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 30 September 2024, the interests or short positions of substantial shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Long positions of substantial shareholders and other persons in the Shares and underlying Shares of the Company

| Name | Capacity in which interests are held | Interests in Shares | Total Interests | Approximate Percentage of Issued Share Capital of the Company ¹ |
|---|--|---------------------|--------------------------|--|
| Dr. Tsang Yue, Joyce | Founder of a discretionary trust | 677,247,942 | 677,247,942 ⁴ | 74.88% |
| | Interest of spouse ² | 650,000 | 650,000 | 0.07% |
| Dr. Lee Soo Ghee | Beneficial owner | 650,000 | 650,000 | 0.07% |
| | Interest of spouse ³ | 677,247,942 | 677,247,942 ⁴ | 74.88% |
| TMF (Cayman) Ltd ⁵ | Trustee (other than a bare trustee) | 677,247,942 | 677,247,942 ⁴ | 74.88% |
| Kelday International Limited ⁵ | Nominee for another person (other than a bare trustee) | 677,247,942 | 677,247,942 ⁴ | 74.88% |
| Allied Chance Management Limited ⁵ | Interest of corporation controlled by it | 677,247,942 | 677,247,942 ⁴ | 74.88% |
| Allied Wealth Limited ⁵ | Beneficial owner | 209,247,942 | 209,247,942 ⁶ | 23.13% |
| Silver Compass Holdings Corp ⁵ | Beneficial owner | 367,200,000 | 367,200,000 ⁶ | 40.60% |
| Silver Hendon Enterprises Corp ⁵ | Beneficial owner | 100,800,000 | 100,800,000 ⁶ | 11.14% |

Notes:

- The percentage has been compiled based on the total number of shares of the Company in issue as at 30 September 2024 (i.e. 904,483,942 shares).
- Dr. Tsang Yue, Joyce is the spouse of Dr. Lee Soo Ghee and is deemed to be interested in the shares in which Dr. Lee Soo Ghee is deemed or taken to be interested for the purpose of the SFO.
- Dr. Lee Soo Ghee is the spouse of Dr. Tsang Yue, Joyce and is deemed to be interested in the shares in which Dr. Tsang Yue, Joyce is deemed or taken to be interested for the purpose of the SFO.
- These shares were the same parcel of shares held by a trust of which Dr. Tsang Yue, Joyce was the founder. TMF (Cayman) Ltd. was the trustee of the trust. See Note 5.
- Allied Wealth Limited, Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. are indirect wholly-owned subsidiaries of Allied Chance Management Limited. Allied Chance Management Limited is in turn a direct wholly-owned subsidiary of Kelday International Limited. TMF (Cayman) Ltd. is the ultimate holding company of Allied Chance Management Limited and Kelday International Limited.
- These shares were included in the above-mentioned total interest in shares and underlying shares of 677,247,942. See note 4 and note 5.

Corporate Governance and Other Information

Apart from the above, no other interest or short position in the shares or underlying shares of the Company was recorded in the register required to be kept under section 336 of the SFO as at 30 September 2024.

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 emphasis 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.

Corporate Governance and Other Information

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 this interim report 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.

By Order of the Board

Modern Healthcare Technology Holdings Limited

Dr. Tsang Yue, Joyce

Chairperson and Chief Executive Officer

Hong Kong, 28 November 2024

REVIEW REPORT

**Review report to the board of directors
of Modern Healthcare Technology Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 14 to 30 which comprises the consolidated statement of financial position of Modern Healthcare Technology Holdings Limited (the "Company") as of 30 September 2024 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2024 – unaudited

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

The notes on pages 20 to 30 form part of this interim financial report.

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 HK\$'000 | 2023 HK\$'000 |
| 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 | 2,065 | (1,506) |
| Other comprehensive income for the period | 2,065 | (1,506) |
| Total comprehensive income for the period | (14,060) | (30,075) |
| Attributable to: | | |
| Equity shareholders of the Company | (14,237) | (30,308) |
| Non-controlling interests | 177 | 233 |
| Total comprehensive income for the period | (14,060) | (30,075) |

The notes on pages 20 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2024 – unaudited

| | Note | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|--|------|--|------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 183,253 | 195,911 |
| Investment properties | 10 | 33,795 | 39,100 |
| Intangible assets | | – | – |
| Goodwill | | – | – |
| Deposits and prepayments | 11 | 14,858 | 12,530 |
| Deferred tax assets | | 233 | 206 |
| | | 232,139 | 247,747 |
| Current assets | | | |
| Inventories | | 13,378 | 8,391 |
| Trade and other receivables, deposits and prepayments | 11 | 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 |
| Current liabilities | | | |
| Trade and other payables, deposits received and accrued expenses | 12 | 52,264 | 51,861 |
| Deferred revenue | 13 | 257,011 | 251,383 |
| Lease liabilities | | 55,649 | 55,725 |
| Bank loan | | 686 | 597 |
| Tax payable | | 1,540 | 1,585 |
| | | 367,150 | 361,151 |
| Net current (liabilities)/assets | | (13,592) | 2,138 |
| Total assets less current liabilities | | 218,547 | 249,885 |

Consolidated Statement of Financial Position

at 30 September 2024 – unaudited

| | Note | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|--|-------|--|------------------------------------|
| Non-current liabilities | | | |
| Lease liabilities | | 32,892 | 49,895 |
| Bank loan | | – | 355 |
| Long service payment liabilities | | 2,920 | 3,108 |
| Reinstatement provision | 12 | 2,394 | 1,991 |
| Deferred tax liabilities | | 14 | 149 |
| | | 38,220 | 55,498 |
| NET ASSETS | | | |
| | | 180,327 | 194,387 |
| CAPITAL AND RESERVES | | | |
| Share capital | 14(b) | 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 | | | |
| | | 180,327 | 194,387 |

The notes on pages 20 to 30 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2024 – unaudited

| | Attributable to equity shareholders of the Company | | | | | | | | |
|--|--|---------------------------|----------------------------|------------------------------|--|-------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Merger reserve HK\$'000 | Exchange reserve HK\$'000 | Property revaluation reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| Balance at 1 April 2023 | 90,448 | 318,791 | (373,253) | (852) | 17,455 | 147,181 | 199,770 | 4,110 | 203,880 |
| Changes in equity for the six months ended 30 September 2023: | | | | | | | | | |
| Loss for the period | - | - | - | - | - | (28,802) | (28,802) | 233 | (28,569) |
| Other comprehensive income | | | | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | (1,506) | - | - | (1,506) | - | (1,506) |
| Total comprehensive income | - | - | - | (1,506) | - | (28,802) | (30,308) | 233 | (30,075) |
| Balance at 30 September 2023 and 1 October 2023 | 90,448 | 318,791 | (373,253) | (2,358) | 17,455 | 118,379 | 169,462 | 4,343 | 173,805 |
| Changes in equity for the six months ended 31 March 2024: | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 19,231 | 19,231 | 712 | 19,943 |
| Other comprehensive income | | | | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | 2,061 | - | - | 2,061 | - | 2,061 |
| - Release of exchange reserve upon disposal of subsidiaries | - | - | - | (1,422) | - | - | (1,422) | - | (1,422) |
| Total comprehensive income | - | - | - | 639 | - | 19,231 | 19,870 | 712 | 20,582 |
| Balance at 31 March 2024 and 1 April 2024 | 90,448 | 318,791 | (373,253) | (1,719) | 17,455 | 137,610 | 189,332 | 5,055 | 194,387 |
| Changes in equity for the six months ended 30 September 2024: | | | | | | | | | |
| Loss for the period | - | - | - | - | - | (16,302) | (16,302) | 177 | (16,125) |
| Other comprehensive income | | | | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | 2,065 | - | - | 2,065 | - | 2,065 |
| Total comprehensive income | - | - | - | 2,065 | - | (16,302) | (14,237) | 177 | (14,060) |
| Balance at 30 September 2024 | 90,448 | 318,791 | (373,253) | 346 | 17,455 | 121,308 | 175,095 | 5,232 | 180,327 |

The notes on pages 20 to 30 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2024 – unaudited

| | Six months ended 30 September | |
|---|-------------------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 |
| Operating activities | | |
| Cash generated from operations | 34,074 | 40,258 |
| Tax paid | (643) | (1,344) |
| Tax refunded | 30 | 3,869 |
| Net cash generated from operating activities | 33,461 | 42,783 |
| Investing activities | | |
| Payment for the purchase of property, plant and equipment | (9,938) | (756) |
| Decrease in pledged bank deposits | 5,386 | 21,473 |
| Other cash flows arising from investing activities | (170) | 162 |
| Net cash (used in)/generated from investing activities | (4,722) | 20,879 |
| Financing activities | | |
| Capital element of lease rentals paid | (30,684) | (32,052) |
| Interest element of lease rentals paid | (2,495) | (3,023) |
| Other cash flows arising from financing activities | (310) | – |
| Net cash used in financing activities | (33,489) | (35,075) |
| Net (decrease)/increase in cash and cash equivalents | (4,750) | 28,587 |
| Cash and cash equivalents at the beginning of the period | 187,982 | 171,910 |
| Effect of foreign exchange rates changes | 1,748 | (1,291) |
| Cash and cash equivalents at the end of the period | 184,980 | 199,206 |

The notes on pages 20 to 30 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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, Uglund 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 principal activities of the Company and its subsidiaries (“the Group”) 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

This 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”). It was authorised for issue on 28 November 2024.

This 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.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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. KPMG’s independent review report to the Board of Directors is included on pages 13.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs 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 in the interim financial report.

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 HK\$'000 | Skincare and wellness products HK\$'000 | Total HK\$'000 |
|---|--|--|-------------------|
| 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 |

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment loss

| | Six months ended 30 September | |
|--|-------------------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 |
| 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 HK\$'000 | At 31 March 2024 HK\$'000 |
|--|--|------------------------------------|
| | Assets | |
| Reportable segment assets | 551,554 | 571,637 |
| Investment properties | 33,795 | 39,100 |
| Deferred tax assets | 233 | 206 |
| Tax recoverable | 115 | 93 |
| Consolidated total assets | 585,697 | 611,036 |
| 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 |
| Consolidated total liabilities | 405,370 | 416,649 |

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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 HK\$'000 | 2023 HK\$'000 |
| 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 |
| | 224,248 | 211,343 |

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 HK\$'000 | 2023 HK\$'000 |
| 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 |
| | 6,621 | 3,424 |

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

| | Six months ended 30 September | |
|--------------------------------------|-------------------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 |
| (a) Finance costs | | |
| Interest on lease liabilities | 2,495 | 3,023 |
| Interest on bank loans | 9 | – |
| | 2,504 | 3,023 |
| | | |
| | Six months ended 30 September | |
| | 2024 HK\$'000 | 2023 HK\$'000 |
| (b) Other items | | |
| 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 |

8 INCOME TAX EXPENSE/(CREDIT)

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX EXPENSE/(CREDIT) (Continued)

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 PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

(a) Right-of-use assets

During the six months ended 30 September 2024, the Group entered into a number of lease agreements for use as beauty centres, and therefore recognised the additions to right-of-use assets of HK\$13,102,000 (30 September 2023: HK\$108,230,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment with a cost of approximately HK\$9,938,000 (30 September 2023: HK\$756,000). Item of a motor vehicle with no net book value was disposed of during the six months ended 30 September 2024 (30 September 2023: HK\$Nil), resulting in a gain on disposal of HK\$92,000 (six months ended 30 September 2023: HK\$Nil).

(c) Valuation

The valuations of investment properties carried at fair value were updated at 30 September 2024 by the Group's senior management using the same valuation techniques as were used by Bonvision International Appraisals Limited when carrying out the March 2024 valuations.

As a result of the update, a net loss of HK\$5,305,000 (six months ended 30 September 2023: a net gain of HK\$1,612,000) has been recognised in profit or loss for the period in respect of investment properties.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|---|--|------------------------------------|
| 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 (Note) | 89,430 | 89,099 |
| Rental and other deposits, prepayments and other receivables | 21,730 | 25,130 |
| Amounts due from related companies (note 17(c)) | 65 | 5 |
| | 127,421 | 134,043 |
| | 142,279 | 146,573 |

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 HK\$'000 | At 31 March 2024 HK\$'000 |
|--------------|--|------------------------------------|
| 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 |
| | 16,196 | 19,809 |

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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 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 |
| | 52,264 | 51,861 |
| | 54,658 | 53,852 |

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 |
| | 2,185 | 1,323 |

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 DEFERRED REVENUE

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

| | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|---------------|--|------------------------------------|
| Within 1 year | 257,011 | 251,383 |

(b) Movement of deferred revenue:

| | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|--|--|------------------------------------|
| 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 | 257,011 | 251,383 |

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 CAPITAL AND DIVIDENDS

(a) Dividends

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

(b) Share capital

Authorised and issued share capital

| | At 30 September 2024 | | At 31 March 2024 | |
|---------------------------------|----------------------|--------------------|------------------|--------------------|
| | No. of shares | Amount HK\$'000 | No. of shares | Amount HK\$'000 |
| Authorised: | | | | |
| Ordinary shares of HK\$0.1 each | 10,000,000,000 | 1,000,000 | 10,000,000,000 | 1,000,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of HK\$0.1 each | 904,483,942 | 90,448 | 904,483,942 | 90,448 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15 COMMITMENTS

Capital commitments outstanding not provided for in the interim financial report

| | At 30 September 2024 HK\$'000 | At 31 March 2024 HK\$'000 |
|-----------------|--|------------------------------------|
| Contracted for: | 2,023 | 1,020 |

16 CONTINGENT LIABILITIES

During the course of business, the Group has received complaints and claims concerned with the provision of beauty services in respect of breach of contract, content of advertisement, tenancy dispute and personal injuries in relation to the services provided, including claims of insignificant or unspecified amounts. The directors are of the opinion that the loss or settlement for such complaints and claims have no material financial impact to the Group.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

17 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

| | Six months ended 30 September | |
|------------------------------|-------------------------------|----------------|
| | 2024 HK'000 | 2023 HK'000 |
| Short-term employee benefits | 9,975 | 9,938 |
| Post-employment benefits | 54 | 69 |
| | 10,029 | 10,007 |

(b) Material related party transactions

In addition to those related party transactions disclosed elsewhere in this interim financial report, the Group had the following material transactions with its related parties during the period:

| | Note | At 30 September 2024 HK'000 | At 31 March 2024 HK'000 |
|---|------|--------------------------------------|----------------------------------|
| Addition of right-of-use assets from related companies | (i) | 1,699 | 90,582 |

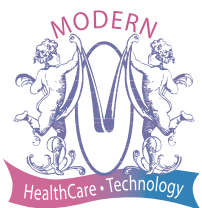
| | | Six months ended 30 September | |
|---|-------|-------------------------------|----------------|
| | | 2024 HK'000 | 2023 HK'000 |
| Salaries and other benefits in kind paid to related parties: | | | |
| – Related party A | (ii) | 919 | 1,052 |
| – Related party B | (iii) | 1,388 | 1,382 |
| – Related party C | (iv) | 432 | 511 |
| | | 2,739 | 2,945 |

Notes:

- (i) The amount represented the addition of right-of-use assets during the reporting period. The Group entered three-year rental agreements with related companies mutually agreed by both parties. Dr. Tsang is the member of the related companies.
- (ii) Related party A is the spouse of a director, Dr. Tsang.
- (iii) Related party B is the son of a director, Dr. Tsang.
- (iv) Related party C is the spouse of a director, Mr. Yip Kai Wing.

(c) Balances with related parties

The amounts due from/(to) related companies and the ultimate controlling party are unsecured, interest-free and recoverable/(repayable) on demand. Dr. Tsang or her close family members is the ultimate controlling party of those related companies.



MODERN HEALTHCARE TECHNOLOGY HOLDINGS LIMITED

Workshops Nos. 66-68,
6/F, Sino Industrial Plaza,
9 Kai Cheung Road, Kowloon Bay,
Kowloon, Hong Kong
Tel: (852) 2866 2377
Fax: (852) 2804 6607
Email: ir@modernhealthcaretech.com
Website: www.modernhealthcaretech.com

現代健康科技控股有限公司

香港九龍九龍灣啟祥道9號信和工商中心6樓66-68號工場
電話：(852) 2866 2377
傳真：(852) 2804 6607
電郵： ir@modernhealthcaretech.com
網址： www.modernhealthcaretech.com