MODERN
Healthcare Technology

2024/25

Annual Report 年報

(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

UNCOMPROMISING

Beauty

CONTENT

CORPORATE PROFILE

CORPORATE PROFILE

Modern Healthcare Technology Holdings Limited ("the Company") and its subsidiaries ("the Group" or "Modern Healthcare") is a leader of the beauty industry in Hong Kong offering professional treatments as well as quality services and products with natural ingredients. We are positioned at the high-end of the beauty industry that is dedicated to provide beauty and wellness services to customers who pursue a rejuvenating experience from the highest level of technical expertise and impeccable guest service. Our business operation is composed of five service lines as follows:

CORPORATE PROFILE

Beauty and Facial

Modern Beauty Salon offers a wide range of treatments by our well-trained beauty therapists. Our beauty consultants review customers' usage regularly and recommend suitable treatments to our customers. We also customise specific treatments according to the needs of our VIP customers. Our senior management closely monitors the latest trends of beauty industry and acquires state-of-the-art beauty machines in order to maintain a pipeline of new treatments.

Slimming

Slim Express offers a series of weight management programs that deliver stunning results. These programs are specially designed to kick-start the metabolism and bring awareness to healthier food choices. Together with our practical solutions offered by advanced equipment and machines, customers will rediscover esteem that brings balance into their lives.

Spa and Massage

Our spa and massage treatments provide a form of escapism and offer an immersive opportunity for our customers to experience pampering styles and grooming techniques inspired by the luxurious living in the 21st century. "be sanctuary spa" provides resplendent bathroom furnishings and a hydrotherapeutic pool decorated with fresh flowers and carved statues, which fill the room with an aura of nature. Yue Spa is the first spa centre adopting the Five Elements – the traditional Chinese philosophy as its theme. It provides spa treatment sets named according to Destiny, Soil, Metal, Wood, Water, Fire and Earth that effectively reduce stress and improve the skin conditions. Moment of Serenity is a foot treatment centre that offers foot spa, foot treatment and foot massage services

Aesthetics Services

As the world of advanced skin care and anti-ageing services develops and matures, aesthetics services emerge. Present day cosmetic laser technicians can use a specific form of energy to tighten skin, stimulate the production of collagen to eliminate wrinkles and fine line, remove tattoos or unwanted hair, or a myriad of other highly sought after services. Aesthetics services include skincare treatments, professional consultation and referral service on plastic reconstruction, which is most specialised and effective and with the highest quality.

Sales of Skincare and Wellness Products

We have been selling skincare and wellness products through many brands, such as "be", "FERRECARE" "p.e.n", "Y.U.E", "Advanced Natural", "Malu Wilz", "Byotea", "Care Plus", "Mu-lan Spa", "Veribel", "Castille", "IconX", "Dr Plus", "Eclat du teint", "Natural Care". The Group launched distributor brands "Malu Wilz", "Byotea", "Castille", "Eclat du teint", "Cellnoc" 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. All products are built on cleanliness and nature, and utilize natural ingredients to enhance the quality of inner and outer skin, and optimize the natural beauty of skin from within. With sales points across Hong Kong, Kowloon and the New Territories, we strive to seek for high quality and efficient skincare and wellness products and updated information on beauty, to bring pure beauty with zero burden resulting from state-of-the-art technology to women today.

As at 31 March 2025, we had 30 and 8 service centres in Hong Kong and Singapore, respectively. These service centres are integrated in nature and provide different business combinations at different locations wherever appropriate. Our retail network, which operates under the brands of "be Beauty Shop", had 9 outlets as at 31 March 2025.

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 Accounting and 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,
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

MILESTONES AND KEY EVENTS

2024 MAY

Hong Kong Beauty Industry Union – "最具影響力企業家" Award

2024 SEPTEMBER

Asia's Top 100 Outstanding Enterprises Brand Awards – CEO Diamond Award

2024 NOVEMBER

Modern Beauty Center has been commended for its contribution to "Good Friends and Businessmen" for 9 consecutive years

MILESTONES AND KEY EVENTS

2024 DECEMBER

Received the award and certificate of recognition from the Green Office Award Labeling Scheme of World Green Organization for 8 consecutive years

2024 DECEMBER

Mulan Grand opens in Causeway Bay

2024 DECEMBER

Modern Beauty Center Grand opens in Tsuen Wan

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

During the financial year ended 31 March 2025 ("FY2025" or "the year under review"), revenue of the Group amounted to approximately HK$453.3 million, representing a decrease of 0.3% compared with approximately HK$454.7 million for the year ended 31 March 2024 ("FY2024" or the "same period last year"). The receipts from sales of prepaid beauty packages during the year under review was HK$417.4 million, a decrease of 3.7% over the same period last year. The employee benefit expenses and depreciation charge of other properties leased for own use decreased by 1.3% to HK$283.8 million and decreased by 6.7% to HK$61.9 million respectively as compared with the same period last year. The Group recorded an operating profit of HK$2.1 million during the year under review (FY2024: operating loss of HK$4.4 million).

Below is the key statistics:

	For the year ended 31 March		
	2025	2024	Change
Revenue (HK$ million)	**453.3**	454.7	-0.3%
Operating profit/(loss) margin (%)	**+0.5**	-1.0	+1.5 percentage points
Net loss margin (%)	**-1.1**	-1.9	+0.8 percentage points
Number of shops	**47**	45	+2
Employee benefit expenses (HK$ million)	**283.8**	287.4	-1.3%
Depreciation charge of other properties leased for own use (HK$ million)	**61.9**	66.4	-6.7%
Total dividend per ordinary share (HK cents)	**Nil**	Nil	–
Annual dividend pay-out ratio (%)	**N/A**	N/A	–
Gearing ratio (%)	**0.2**	0.5	–

Note: Gearing ratio represents bank loan over total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

Hong Kong's retail sector experienced a substantial decline during the year under review, reflecting unstable internal and external business conditions. According to the Census and Statistics Department, for the entirety of 2024, the total value of retail sales in Hong Kong was estimated at $376.8 billion, which represents a decrease of 7.3% compared to 2023. The value of online retail sales was also down by 2.6% to $31.7 billion. Our Hong Kong beauty, slimming, and wellness service operations were not immune to these pressures. Nevertheless, management is confident in the long-term outlook, underpinned by our robust service management practices that ensure high quality.

Revenue in Hong Kong during FY2025 increased by 1.4%. Revenue from services rendered and receipts from prepaid beauty packages during FY2025 were HK$375.6 million and HK$378.2 million respectively (FY2024: HK$372.7 million and HK$386.1 million), representing an edged increase of 0.8% and decrease of 2.0% respectively. Revenue from sales of skincare and wellness products was HK$29.4 million in FY2025 (FY2024: HK$26.7 million). Our customers in Hong Kong amounted up to a total of approximately 440,400 during the year under review, representing an edged increase of 0.8% as compared to approximately 437,000 in the same period last year.

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

In terms of the sales of skincare and wellness products, as of 31 March 2025, the Group had a total of 8 stores under the names of "be Beauty Shop", located across Hong Kong, Kowloon and New Territories. More than 100 varieties of products are available for sale under different series of skincare service, including "Y.U.E", "Advanced Natural", "be", "Care Plus", "Cellnoc", "Malu Wilz", "Dr Plus", "Castille", "Eclat du teint", "p.e.n", "FERRECARE", "Byotea", "Mu-lan Spa", "Natural Care", "Veribel" which can fulfil the needs of customers with different skin types.

Mainland China

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

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore

During FY2025, the Group operated a total of 8 beauty and wellness service centres in Singapore (FY2024: 7). During FY2025, the revenue from operations in Singapore was HK$47.5 million, as compared with HK$50.0 million for the same period last year. Revenue recognised for provision of beauty and wellness services and receipts from sales of prepaid beauty packages in Singapore amounted to HK$40.5 million and HK$39.3 million respectively, as compared with HK$42.5 million and HK$42.3 million for the same period last year.

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

Financial Review

Revenue

Set out below is a breakdown on the revenue of the Group by service lines and product sales during FY2025 (with comparative figures for FY2024):

	For the year ended 31 March				
	2025		2024		
Sales mix	**HK$'000**	**Percentage of revenue**	HK$'000	Percentage of revenue	Change
Beauty & facial	**310,727**	**68.6%**	315,827	69.5%	-1.6%
Slimming	**89,341**	**19.7%**	88,641	19.5%	+0.8%
Spa and massage	**16,068**	**3.5%**	15,220	3.3%	+5.6%
Beauty and wellness services	**416,136**	**91.8%**	419,688	92.3%	-0.8%
Sales of skincare and wellness products	**37,138**	**8.2%**	35,018	7.7%	+6.1%
Total	**453,274**	**100%**	454,706	100%	-0.3%

Revenue of the Group was mainly contributed by the beauty, facial and slimming services. The Group's revenue from beauty and wellness services decreased by about 0.8% from approximately HK$419.7 million in FY2024 to approximately HK$416.1 million in FY2025.

The Group reported that gross receipts from the sales of new prepaid beauty packages of the Group amounted to HK$417.4 million during FY2025, representing a decrease of 3.7% compared with HK$433.5 million for FY2024, while cash and cash equivalents at year end maintained at a healthy level.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is an analysis on the deferred revenue:

Movement of deferred revenue	For the year ended 31 March 2025 Hong Kong HK$'000	2025 Mainland HK$'000	2025 Singapore HK$'000	2025 Total HK$'000	2024 Hong Kong HK$'000	2024 Mainland HK$'000	2024 Singapore HK$'000	2024 Total HK$'000
At beginning of the year	229,603	–	21,780	251,383	216,265	4,280	22,217	242,762
Exchange differences	–	–	237	237	–	(175)	(257)	(432)
Gross receipts from sales of prepaid beauty packages	378,152	–	39,273	417,425	386,062	5,165	42,304	433,531
Revenue recognised for provision of beauty and wellness services and expiry of prepaid beauty package	(375,647)	–	(40,489)	(416,136)	(372,724)	(4,480)	(42,484)	(419,688)
Disposal of subsidiaries	–	–	–	–	–	(4,790)	–	(4,790)
At the end of the year	232,108	–	20,801	252,909	229,603	–	21,780	251,383

Employee benefit expenses

Employee benefit expenses (including staff's salaries and bonuses as well as directors' remunerations) represented the largest component of the Group's operating costs. During the year under review, employee benefit expenses decreased by about 1.3% from HK$287.4 million in FY2024 to approximately HK$283.8 million. Employee benefit expenses accounted for 62.6% of our revenue in FY2025, as compared to 63.2% for FY2024. The total headcount of the Group as at 31 March 2025 decreased by 6.0% to 793, as compared to a headcount of 844 for FY2024. The Group's remuneration policies are in line with the prevailing market practices and are determined based on the individual performance and experience. For the purpose of motivating and rewarding our staff, discretionary bonus and share options may be granted to eligible employees based on individual performance and the Group's results. The Group introduced the elite system, whereby excellent staff with outstanding performance may receive discretionary bonus in recognition of their contribution.

Depreciation charge of other properties leased for own use

During the year under review, the Group's depreciation of other properties leases for own use were approximately HK$61.9 million (2024: HK$66.4 million), accounting for approximately 13.7% of our revenue (2024: 14.6%). As of 31 March 2025, the Group operated a total of 47 shops in Hong Kong and Singapore with a total weighted average gross floor area of 191,400 square feet, representing an increase of 2.1% as compared to 187,800 square feet in FY2024.

Bank charges, advertising costs and building management fees

Bank charges recorded changes in line with gross receipts from sales of new prepaid beauty packages, which increased by 9.4% to HK$24.9 million. Advertising costs decreased by about 38.7% from HK$4.2 million in FY2024 to approximately HK$2.6 million during the year under review. It accounts for 0.6% of our revenue in FY2025, as compared to 0.9% for FY2024. This reflected the Group's ability to enjoy cost advantage in advertising costs as it could spread such costs across an enlarged service centre network that covers Hong Kong and Singapore. Advertising cost is allocated in an effective way to raise brand awareness and capture a greater market share. Building management fees decreased by about 4.6% from HK$12.1 million in FY2024 to approximately HK$11.6 million during the year under review. It accounts for 2.6% of our revenue in FY2025, as compared to 2.7% for FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses

Set out below is a breakdown of the other operating expenses of the Group during FY2025 (with comparative figures for FY2024):

	For the year ended 31 March	
	2025 HK$'000	2024 HK$'000
Audit Fee	4,209	4,394
Administrative expenses (Note)	7,441	6,868
Cleaning, sanitary and laundry	6,374	6,434
Consultancy fee	2,199	2,227
Government rent and rates	3,915	3,675
Insurance	2,860	3,085
Legal and professional fee	1,450	2,124
Repair and maintenance expenses	5,427	6,871
Utilities	7,231	7,550
Other expenses (Note)	8,298	7,133
	49,404	50,361

Note: The administrative expenses for each of the years ended 31 March 2024 and 2025 included motor vehicles expenses, postage and courier expenses, printing and stationary, telephone and fax and transportation expenses. The other expenses for each of the years ended 31 March 2024 and 2025 mainly included recruitment, training and internet expenses.

Net loss

The net loss attributable to equity shareholders of the Company was approximately HK$5.1 million in FY2025, as compared to the net loss attributable to equity shareholders of the Company of HK$9.6 million in FY2024. The Group will continue to expand its business when opportunities arise in order to achieve the long-term value-added objective of maximising shareholders' returns.

Dividend per share

The Board did not recommend any final dividend to the shareholders of the Company for the year under review (FY2024: Nil). As no interim dividend had been approved by the Board for the six months ended 30 September 2024, the total dividend for the year ended 31 March 2025 will be nil (FY2024: Nil).

Liquidity, financial resources and capital structure

The Group generally finances its liquidity requirements through the gross receipts from sales of prepaid beauty packages and settlement of credit card prepayment transactions with banks. During the year under review, the Group maintained a healthy financial position with cash and bank balances of approximately HK$236.7 million (FY2024: HK$193.7 million) with bank borrowings of HK$0.4 million (FY2024: HK$1.0 million). The Group's cash is primarily used as working capital and to finance our normal operating expenses, as well as to pay for the purchase of skincare and wellness products, materials and consumable used in the provision of beauty and wellness services. During the year under review, except for cash at bank held for daily operation, the majority of the Group's cash was held under fixed and savings deposits as in line with the Group's prudent treasury policies.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure

The total capital expenditure of the Group (excluding additions to right-of-use assets for leases of properties for own use) during the year under review was approximately HK$16.1 million, as compared to HK$14.6 million for the same period last year. The amount was mainly used leasehold improvements and equipment and machinery and motor vehicles in connection with the expansion and integration of its service network in Hong Kong and Singapore.

Contingent liabilities and capital commitment

The Board considered that there was no material contingent liabilities as at 31 March 2025. The Group had capital commitment of HK$1.5 million as at 31 March 2025 (31 March 2024: HK$1.0 million), mainly for the acquisition of plant and equipment.

Charges on assets

As of 31 March 2025, the Group had pledged bank deposits of HK$52.9 million (31 March 2024: HK$27.1 million) in favour of certain banks to secure banking facilities granted to certain subsidiaries in the Group.

At 31 March 2025, ownership interests in leasehold land and buildings held for own use with carrying values of HK$48.4 million (2024: HK$50.5 million) were pledged as securities for banking facilities.

Foreign exchange risk exposures

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

Human resources and training

The Group had a workforce of 793 staff as of 31 March 2025 (31 March 2024: 844 staff), including 644 front-line service centre staff in Hong Kong and 60 in Singapore. Back office staff totalled 68 in Hong Kong, 18 in Singapore and 3 in Australia. The Group reviews its remuneration policies on a regular basis with reference to the legal framework, market conditions and performance of the Group and individual staff. The Remuneration Committee also reviews the remuneration policies and packages of executive directors and senior management.

Pursuant to the remuneration policies of the Group, employees' remunerations comply with the legal requirements of all jurisdictions in which we operate and are in line with the market rates. During the year under review, total employee benefit expenses, including directors' emoluments, amounted to HK$283.8 million, representing a decrease of 1.3% as compared to HK$287.4 million in FY2024. To enhance the service quality and core skills of our staff, the Group regularly organises training programs designed by the Group's senior management for its staff. In addition, the seminars also facilitate the interaction and communication between the Group's management and the general staff.

Outlook

Facing a widely expected Hong Kong's ongoing economic weakness, retail and consumer sentiment deteriorated, adversely affecting the beauty and wellness services industry and related product sales. Nonetheless, we have prioritized operating cost control and sustaining a robust cash position. We maintain prudent optimism regarding the Group's future prospects despite the weakened business climate.

Top Care Corporate Services (Hong Kong) Limited ("Top Care"), our wholly owned subsidiary, received its Hong Kong trust or company service provider license from the Companies Registry on 30 May 2024. This license enables Top Care to partner with our family offices management team in offering integrated wealth management and protection services to family office clients.

MANAGEMENT DISCUSSION AND ANALYSIS

SFC data highlights the growth potential: Hong Kong's asset and wealth management Assets Under Management ("AUM") surpassed HK$31 trillion in 2023 (up 2.1%). Crucially, family office and private trust AUM under private banking/wealth management soared 76% since 2017 to HK$1.45 trillion in 2023 – vastly outperforming the global sector's 29% growth. The increasing number of high-net-worth individuals positions trust and family office services as increasingly critical within Hong Kong's private wealth management industry.

Looking ahead, the Group is restructuring its retail portfolio, closing certain shops and establishing new ones. The reconfigured service center network is anticipated to improve customer accessibility, thereby aiding the expansion of customer reach, brand promotion, and business development. While Hong Kong premises rentals depressed due to economic factors, the network is expected to enhance the Group's occupancy cost management. Additionally, the Group will continue proactive, stringent cost control in all areas, provided service and product standards are upheld.

Concurrently with our business development efforts, we are dedicated to continuously enhancing the Group's risk management framework, capabilities, and culture, thereby securing our long-term business sustainability and growth.

Environmental Policies and Performance

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

Compliance with Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has conducted on-going review of the newly enacted laws and regulations affecting the operations of the Group and provides relevant trainings and guidance to the staff. The Group has complied with the relevant laws and regulations of its places of operation that have significant impact on the operations of the Group for the year ended 31 March 2025.

Key Relationships

(a) Employees

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

(b) Consumers

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

(c) Suppliers

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

MANAGEMENT DISCUSSION AND ANALYSIS

(d) **Shareholders and Investors**

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

Principal risks and uncertainties

1. Macroeconomic changes – The Group's business is sensitive to the general economic conditions and other factors like consumer credit.

2. Regulatory & political risk of business – This includes legal regulation update in Hong Kong, especially the Trade Description Ordinance Chapter 362, Law of Hong Kong, since the Group's business mainly operates in Hong Kong. In addition, the Group would develop markets in Mainland China further, which also bring more risk in relation to regulatory and political changes.

3. Market competition – The Group is under intense pressure to compete on both price and service as large and small, regional or niche competitors attempt to increase market share.

4. Foreign currency risk associated with the Group's investment – The Group may be exposed to transaction and translation (exchange rate) risks, particularly Singapore Dollars and Australian Dollars, and associated financial cost risks.

5. Rising costs of Hong Kong business – This mainly refers to increasing operational cost resulting from uncertain economic environment.

6. Reputation and performance risk of skincare and wellness products business of the Group – The Group's business is dependent on its reputation and quality of service and the Group may lose potential business if the quality of its products and service are called into question.

INVESTOR RELATIONS AND FINANCIAL CALENDAR

Upholding the principles of timeliness, fairness and openness, we continue to proactively expand our active and effective investor relations program during the year under review. We are committed to maintaining stable and smooth two-way communications with the shareholders, investors, financial media and potential investors, so as to ensure that the investors fully understand the current and future developments of the Group and make informed investment decisions, and allow the Group's shares price to fully reflect the long term value of the Company.

Investor Relations Strategy and Policy

We understand the importance of transparency and accountability to the Company and strongly believe that the best way to improve business transparency and accountability to shareholders is a sincere and active communication with investors, media and the public on an on-going basis so as to enhance the investment sector and the community's perception and understanding on the Group's business affairs, strategies and plans and financial positions. We also highly value investors' opinions and feedback as these will help us to formulate our development strategy for the enhancement of shareholder value.

Effective Two-way Communication

We have in place a dedicated investor relations team for handling investor relations and setting up a bridge between the Group and the investors. During the year under review, as arranged by the investor relations team, we held such investor relations events as the annual general meeting. The investment community is able to have a clearer insight on our business development and the shareholders are able to have latest information on the Group. Valuable opinions from investors on our business development will also be collected by the investor relations team through various channels to enable the Group to better understand the market's concern and formulate more effective future investor relations programs and business strategy and practices.

As our business continues to grow, we expect more access to the capital markets, and it will be more and more important to maintain timely and smooth communication with the investors. We shall continue to improve and enhance our investor relations system, and endeavor to maintain a high standard of investor relations.

Financial Calendar

Last day to register for 2025 Annual General Meeting	22 August 2025
Closure of Register of Members for 2025 Annual General Meeting	25 August 2025 to 28 August 2025, both dates inclusive
2025 Annual General Meeting	28 August 2025

Share Information

Modern Healthcare Technology Holdings Limited has been listed on The Stock Exchange of Hong Kong Limited since 9 February 2006.

Issued ordinary shares as at 31 March 2025:	904,483,942 shares
Board lot:	4,000 shares
Nominal value:	HK$0.10 per share
Market Capitalization as at 31 March 2025:	HK$66.9 million

Stock Codes

Stock Exchange:	919
Reuters:	0919.HK
Bloomberg:	919 HK

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Tsang Yue, Joyce

Aged 64, is Executive Director and the Chairperson of the Board, the Chief Executive Officer of the Group, and the Chairperson of the Nomination Committee and a member of the Remuneration Committee of the Company. She is the founder and substantial shareholder of the Company as well as a veteran in the beauty and wellness industry who has profound understanding and distinctive expertise on how to originate and capitalize on the trends and changes in the market. Her wealth of knowledge in the business and her unique vision in corporate management had enabled to spearhead business growth at the Group in a dynamic manner. She holds a Doctorate in Business Administration (Honoris Causa) from International American University and a MBA Degree from Glyndwr University U.K.. She is a Fellow of the Hong Kong Institute of Directors. She is the Honorary Fellow of The Professional Valuation Centre of Hong Kong. Dr. Tsang is also devoted to community and welfare activities. She is also the founder and chairperson of Grateful Heart Charitable Foundation Limited and the founder and dean of Beauty Expert International College. She was also awarded "The President's Volunteer Service Award", the "Congratulatory Letter of The White House Washington" and the "US President Volunteer Service Award Medal". In 2013, Dr. Tsang was appointed as a committee member of the 11th Chinese People's Political Consultative Conference in Hunan Province, China. Dr. Tsang was awarded the Medal of Honour (MH) by the Hong Kong Special Administrative Region Government in July 2015. She is the Founder and Chief President of Hong Kong Beauty & Wellness Association since 2016. She is also the Founding Chairlady and Founder of Hong Kong Beauty Industry Union since 2017. Dr. Tsang is the spouse of Dr. Lee Soo Ghee, a former Executive Director of the Company (resigned on 15 September 2010) and currently Chief Administrative Officer of the Company

Mr. Yip Kai Wing

Aged 51, is the Chief Technology Officer and an Executive Director of the Company. Mr. Yip is responsible for all computer and information system matters of the Group. Mr. Yip brings with him about twelve years of experience in the system integration, information system, network operation and telecommunications industries. He graduated from the Chinese University of Hong Kong in 1997 with a Bachelor Degree in Social Science and was awarded a Microsoft Certified Professional Systems Engineer, as well as CheckPoint Certified Administrator and Turbolinux Engineer in 2002. Mr. Yip joined the Group in March 2002.

Ms. Yeung See Man

Aged 51, is an Executive Director and the Financial Controller of the Group. She is responsible for overseeing the accounting and financial reporting of the Group. Ms. Yeung graduated from The Hong Kong Polytechnic University with a Bachelor Degree of Arts in Accountancy in 1995. She is a member of the Hong Kong Institute of Certified Public Accountants. She is also a former fellow member of the Association of Chartered Certified Accountants. Ms. Yeung has over six years of audit experience with Deloitte Touche Tohmatsu. She joined the Group in March 2004.

Independent Non-Executive Directors

Ms. Liu Mei Ling, Rhoda

Aged 63, was appointed as an Independent Non-executive Director in December 2009. Ms. Liu is a Member of the Canadian Chartered Professional Accountants, Fellow Practicing Member of the Hong Kong Institute of Certified Public Accountants, Fellow Member of the Taxation Institute of Hong Kong, and Fellow Member of the Hong Kong Institute of Directors. Ms. Liu holds a Bachelor of Art Degree in Finance and Commercial Studies from University of Western Ontario in Canada, Professional Degree in China Law from Tsing Hua University in China, and a Master of Business Administration Degree from McMaster University in Canada. Ms. Liu is a Practicing Certified Public Accountant in Hong Kong and sole proprietor of Liu & Wong, Certified Public Accountants. Ms. Liu was appointed as an independent non-executive Director, the chairman of the audit committee, a member of the nomination committee and a member of the remuneration committee of Fujian Holdings Limited (stock code: 181), a company listed on the Main Board of the Stock Exchange, with effect from 1 January 2019.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Wong Man Hin, Raymond

Aged 59, was appointed as an Independent Non-executive Director in December 2009. Dr. Wong is a member of American Institute of Certified Public Accountants (CPA), a Chartered Global Management Accountant (CGMA), a Certified Management Accountant (CMA) and holds a certificate in financial management (CFM). Dr. Wong holds a bachelor degree in chemical engineering, a master degree in economics and a doctorate degree in business administration. Dr. Wong is the Chairman and executive director of Raymond Industrial Limited (stock code: 229), a company listed on the Main Board of the Stock Exchange. Dr. Wong is an independent non-executive director Nan Nan Resources Enterprise Limited (stock code: 1229), Tak Lee Machinery Holdings Limited (stock code: 2102) and Guanze Medical Information Industry (Holding) Co., Ltd. (stock code: 2427), companies whose shares are listed on the Main Board of the Stock Exchange.

Mr. Hong Po Kui, Martin

Aged 75, was appointed as an Independent Non-executive Director in December 2009. Mr. Hong has been practicing as a solicitor of the High Court of the Hong Kong Special Administrative Region for over 40 years. Mr. Hong is a Notary Public issued by Hong Kong Society of Notaries. Mr. Hong is now the senior partner of Messrs. Lau Chan & Ko, Solicitors & Notaries.

Mr. Lam Tak Leung, *MH, JP*

Aged 71, was appointed as an Independent Non-executive Director on 1 October 2023. Mr. Lam has been dealing with his business in Hunan Province, China for more than 40 years. He is the Vice President of Hunan Overseas Friendship Association. Having been serving the community in Hong Kong for many years, Mr. Lam was awarded the Medal of Honour in 2006 and appointed as a Justice of the Peace in 2012 by the Hong Kong Special Administrative Region Government. Mr. Lam was an independent non-executive director of the Company from 1 January 2013 to 29 February 2020.

Senior Management

Dr. Lee Soo Ghee

Aged 50, is the Chief Administrative Officer of the Company. Dr. Lee is a former Executive Director of the Company (resigned on 15 September 2010). Dr. Lee is responsible for overseeing brand management, overseas business/supply chain, marketing and sales, products research and development, property management, procurement and administration of the Group. He is also responsible for providing comprehensive, technical, programmatic guidance in the areas of facilities management, logistics management and creative design and engineering as well as overall planning and strategic development of the Group's operation. Dr. Lee holds a diploma in Electronics, Computer & Communication Engineering from Singapore Polytechnic, having extraordinary talent in the sphere of design. He also holds a Degree of Doctor from Business Administration by International American University and a MBA Degree from Glyndwr University U.K.. He is the spouse of Dr. Tsang Yue, Joyce, Executive Director and Chairperson of the Board.

Mr. Cheng Chi Ming

Aged 59, is the Chief Financial Officer and Company Secretary of the Company. Mr. Cheng has been appointed as the Company Secretary and the Authorised Representative with effect from 15 February 2021. Mr. Cheng has more than 20 years of experience in auditing, financial management, internal control and corporate governance. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

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.

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 year under review.

Board of Directors

Board Composition

Composition of the board of directors of the Company ("the Board") is as follows:

Executive Directors:
Dr. Tsang Yue, Joyce
(Chairperson of the Board & Chief Executive Officer)
Mr. Yip Kai Wing
Ms. Yeung See Man

Independent Non-executive Directors:
Ms. Liu Mei Ling, Rhoda
Dr. Wong Man Hin, Raymond
Mr. Hong Po Kui, Martin

The Board is currently composed of three Executive Directors (including Chairperson of the Board) and three Independent Non-executive Directors. The Board considers this composition to be balanced and to reinforce a stronger independent review and monitoring function on overall management practices. The policy concerning diversity of Board members of the Company is to maintain a balanced composition of Board members in terms of age, gender, skills, experience, education to reinforce a stronger independent review and monitoring function. A majority of the Independent Non-executive Directors have the appropriate professional or accounting qualifications required by Rule 3.10(2) of the Listing Rules. Directors' biographical details and relevant relationships are set out in the section headed "Biography of Directors and Senior Management" on pages 17 to 18 of this annual report.

Board Meetings

The Board conducts meeting on a regular basis and also as and when required. Board meetings are scheduled in advance to facilitate maximum attendance by Directors. The Company Secretary assists the Chairperson in preparing the meeting agendas, and each Director may request inclusion of items in the agenda. Senior Management is invited to join all Board meetings to enhance the Board and management communication. Meeting agendas and other relevant information are provided to the Directors in advance of Board or Board committee meetings. During the year under review, save for executive Board meetings held between Executive Directors during the normal course of business of the Company, the Board held 4 board meetings.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at Board/Board Committee/General Meetings

A summary of all Directors' attendance at the Board meetings, Board Committee meetings and general meetings held during the year under review is set out in the following table:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination committee Meeting	2024 Annual General Meeting
Executive Director					
Dr. Tsang Yue, Joyce[1]	0/4	N/A	0/1	N/A	0/1
Mr. Yip Kai Wing	4/4	N/A	N/A	N/A	1/1
Ms. Yeung See Man	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Director					
Ms. Liu Mei Ling, Rhoda[2]	4/4	3/3	1/1	N/A	1/1
Dr. Wong Man Hin, Raymond[3]	4/4	3/3	1/1	N/A	1/1
Mr. Hong Po Kui, Martin	4/4	3/3	1/1	N/A	1/1
Mr. Lam Tak Leung, *MH, JP*	4/4	N/A	N/A	N/A	1/1

Notes:

1. Chairperson of the Board and Chairperson of the Nomination Committee of the Company.

2. Chairperson of the Audit Committee of the Company.

3. Chairperson of the Remuneration Committee of the Company.

Respective Responsibilities, Accountabilities and Contributions of the Board and the Management

The Board is responsible for the leadership and control of the Group (comprising the Company and its subsidiaries) and oversees the Group's business, strategic decisions and performance. The Board has the functions of considering and approving the strategies, financial objectives, annual budget and investment proposals of the Group. The Independent Non-executive Directors, who combine to offer diverse industry expertise, serve the important function of advising the management on strategy and ensuring that the Board maintains high standards of financial and other mandatory reporting requirements as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. Significant transactions shall be approved by the Board. The members of the Board have no financial, business, family or other material/relevant relationship with each other. The Board also takes up the corporate governance functions pursuant to the Code. During the year under review, the work performed by the Board on corporate governance function is summarised as follows:

(a) developed and reviewed policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Delegation to Management

Day-to-day operational responsibilities are specifically delegated by the Board to the management under the leadership of the Chief Executive Officer ("CEO"). Major matters include implementation of the strategies and decisions approved by the Board and the management assumes full responsibility to the Board for operations of the Group.

Directors' Participation in Continuous Professional Trainings

Code Provision C.1.4 of the Code provides that all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. All Directors have been required to provide the Company with their training records. During the year under review, the Company organised training courses to the Directors or provided written materials to develop and refresh their professional skills on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. Some Directors participated in continuous professional development by attending other professional training courses or by reading relevant materials in relation to corporate governance matter. The Company has received from the relevant Directors the confirmations on taking continuous professional training course during the year under review as follows:

Dr. Tsang Yue, Joyce	Reading materials
Mr. Yip Kai Wing	Reading materials
Ms. Yeung See Man	Reading materials
Ms. Liu Mei Ling, Rhoda	Participation in training courses
Dr. Wong Man Hin, Raymond	Participation in training courses
Mr. Hong Po Kui, Martin	Participation in training courses
Mr. Lam Tak Leung, *MH, JP*	Participation in training courses

Chairperson and Chief Executive Officer ("CEO")

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

Code Provision F.2.2

Code Provision F.2.2 provides that the chairman of the board should attend the annual general meeting. Dr. Tsang Yue, Joyce, the Chairperson of the Board, was absent from the Annual General Meeting of the Company held on 28 August 2024 due to personal reason.

Independence of Independent Non-executive Directors ("INEDs")

Ms. Liu Mei Ling, Rhoda, Dr. Wong Man Hin, Raymond and Mr. Hong Po Kui, Martin, INEDs, had each entered into a letter of appointment dated 27 August 2022 for a term of three years commencing from 27 August 2022, subject to, inter alia, retirement from office by rotation at least once every three years and re-election in accordance with the Company's Articles of Association.

Mr. Lam Tak Leung, *MH, JP* had entered into a letter of appointment dated 1 October 2023 for a term of three years commencing from 1 October 2023, subject to, inter alia, retirement from office by rotation at least once every three years and re-election in accordance with the Company's Articles of Association.

Each INED is required to give a written annual confirmation of his/her independence and to inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company confirms that it has received from each INED an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers each INED to be independent.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of the Directors

In accordance with the Articles of Association of the Company, the appointment of a new director must be approved by the Board. The Board has delegated the power to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The responsibilities of Nomination Committee are set out in the subheading "Board Committees" below.

All Directors, including INEDs, elected at the annual general meeting are subject to retirement at annual general meeting of the Company by rotation at least once every three years in accordance with the Company's Articles of Association. All retiring Directors, including INEDs, shall be eligible for re-election. All Directors, including Non-executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first annual general meeting after their appointment and shall then be eligible for re-election.

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 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 as set out in its written terms of reference 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 (including Directors' remuneration policy) 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.

During the year under review, the Remuneration Committee met once. Details of the attendance of the members of the Remuneration Committee in the said meeting(s) are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The work performed by the Remuneration Committee during the year under review is summarised as follows:

a. reviewed remuneration policy, organisational structure and human resources deployment;

b. reviewed performance and remuneration of Executive Directors and senior management for the year under review; and

c. reviewed the compensation and benefits for directors and senior management for the year under review.

CORPORATE GOVERNANCE REPORT

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.

The basis for the Nomination Committee to select and recommend candidates to the Board is set out in the Nomination Policy below.

During the year under review, the Nomination Committee did not hold any meeting.

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, risk management, internal control 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. During the year under review, the Audit Committee met four times. Details of the attendance of the members of the Audit Committee in the said meeting(s) are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The work performed by the Audit Committee during the year under review is summarised as follows:

a. approved the remuneration and terms of engagement of KPMG as the external auditor of the Company;

b. reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

c. reviewed the audit planning for the annual results circulated to them;

d. reviewed the interim and annual financial statements before submission to the Board; and

e. reviewed the audit programme of the internal audit department and risk management and internal control systems.

The Audit Committee had reviewed and approved the Group's annual results for the year under review prior to their approval by the Board.

Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's external auditor, KPMG and its network firms, for providing the audit and other services were as follows:

	Fee paid/payable HK$'000
Audit services	3,869
Non-audit services	340

CORPORATE GOVERNANCE REPORT

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management by band for the year under review is set out below:

Remuneration bands (HK$)	Number of persons
HK$Nil to HK$1,000,000	6
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1
Over HK$2,000,000	1

Further particulars regarding Director's remuneration and the five highest paid employees are set out in notes 8 and 9 to the financial statements, respectively.

Directors' Responsibilities for preparing accounts and Auditor's Responsibilities

The Directors acknowledged their responsibility for preparing the accounts of the Company for the year under review and the auditor's reporting responsibilities is set out on page 41 of this annual report.

Internal Control and Risk Management

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries and considered the systems to be effective and adequate.

The Board is responsible for maintaining sound and effective systems of risk management and internal control in the Group and for reviewing its effectiveness through the Audit Committee. Such systems are designed to manage rather than eliminate the risk of failure to achieve corporate objectives. They aim to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Company has set up an internal audit department. The risk management and internal control systems are reviewed at least once during the year under review.

The Board has adopted a structure of enterprise risk management for the Company. Business units, support functions and individuals of the Group review, share experience and report to the senior management if any material risk is alerted during daily operation. Internal audit department communicates and assesses the Group's risk profile and material risk at Group level. The Board has delegated to executive management the design, implementation and ongoing assessment of such systems of risk management and internal control, while the Board through its Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that have been in place. Qualified personnel throughout the Group maintain and monitor these systems of controls on an ongoing basis. Inside information is handled by and disseminated to senior management on a need-to-know basis.

Based on the results of evaluations and representations made by the senior management, the Audit Committee is satisfied that:

- there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business objectives; and

- appropriate systems of internal control and risk management have been in place for the year under review, and up to the date of approval of this annual report.

Company Secretary

The Company Secretary of the Company took no less than 15 hours of relevant professional training during the year under review.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Board has adopted a policy concerning diversity of the Board members, which policy sets out the principles of, and the factors and rationale behind to be considered in order to achieve, diversity in the board of directors the Company.

Principles

The Board believes in the benefits that diversity brings and it recognizes that diversity of thought makes prudent business sense. Having the Board composed of men and women with diverse skills, experience, backgrounds and perspectives means:

- competitive advantage;
- robust understanding of opportunities, issues and risks;
- inclusion of different concepts, ideas, and relationships;
- enhanced decision-making and dialogue; and
- heightened capacity for oversight of the Company and its governance.

Factors and rationale behind

For purposes of achieving diversity in the Board, the factors to be considered include, but are not limited to:

(1) business and industry experience;

(2) professional skills and expertise;

(3) gender;

(4) age; and

(5) cultural and educational background.

The principal activities of the Company and its subsidiaries ("the Group") are provision of beauty and wellness services and sales of skincare and wellness products, which are very competitive business and activities. Experience in such business or activities or other business or activities is essential to understand and run the business and activities of the Group. Professional (e.g. legal, accounting) skills and expertise are important to minimize risks in the business and activities of the Group. Gender and age diversity as well as cultural and educational diversity will give different perspectives in terms of customer requirements and feedback in provision of products and services of the Group and the needs of the shareholders and investors.

The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board.

Measurable Objectives

This Policy will be measurable on an objective review of the composition of the Board.

This policy will be reviewed from time to time.

Nomination Policy

The Board has adopted a policy for Nomination of Directors setting out the criteria, procedure and process to select and recommend candidates for appointment as a member of the board of directors the Company.

Selection Criteria

A number of factors shall be considered in making selection and recommendation of candidates for directorship of the Company, including but not limited to:

(1) Personal Attributes: Every candidate must adhere to the highest ethical standards, display solid business judgment, and have strong interpersonal skills.

(2) Adherence to the Policy on Diversity of Members of Board of Directors of the Company.

CORPORATE GOVERNANCE REPORT

(3) Compliance with the Memorandum and Articles of Association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(4) Specific Skills and Experience:

(a) Leadership experience in an organization or company of the similar size and complexity of the Company;

(b) Previous board experience;

(c) Ability to read and interpret financial statements;

(d) Experience in legal matters;

(e) Experience or expertise in the field of beauty sector or beauty services;

(f) Understands and share the vision of the Company;

(g) Able to devote time and effort necessary for the good governance and betterment of the Company.

Procedures and Process

(1) Any member of the Board may nominate candidates for new appointment as a director of the Company or re-appointment of any existing director.

(2) Nomination Committee may convene a meeting to consider the nomination of such candidate(s).

(3) The Nomination Committee shall make due diligence in respect of the nominated candidates and make recommendations for the Board's consideration and approval.

(4) Shareholders of the Company may by ordinary resolution elect any person to be a director of the Company. Please refer to the "The Way by Which Shareholders Can Convene Extraordinary General Meeting/Put Forward Proposal" available in the website of the Company for the relevant procedure.

This policy will be reviewed from time to time.

Dividend Policy

In deciding whether to propose the payment and the amount of the dividends, the Company will take into account the Group's future operations and strategies, financial results, cash flows, market situation, capital requirements and any other factors that the Board considers relevant.

The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board from time to time and shall be subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company.

This policy will be reviewed from time to time.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

The Way by Which Shareholders Can Convene Extraordinary General Meeting/Put Forward Proposal

Pursuant to Article 79 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meeting may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. And, if a shareholder wishes to make any proposal at any general meeting of the Company, the shareholder should deposit a written notice of the proposal to the Company Secretary of the Company within 7 days commencing from the date of the notice of the general meeting of the Company (or such other period as may be determined and announced by the Director from time to time).

The Procedures for Sending Enquiries to the Board

Any enquiries to be put to the Board are welcomed and can be addressed to the Investors Relation Department of the Company by email at ir@modernhealthcaretech.com or by mail to the following address:

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

Attn: Investor Relation Department

REPORT OF THE DIRECTORS

The directors ("the Directors") of Modern Healthcare Technology Holdings Limited ("the Company") have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (collectively, "the Group") for the year ended 31 March 2025 ("FY2025" or "the year under review").

Principal Activities

The principal activity of the Company is investment holding and the principal activities of the Group continued throughout FY2025 were provision of beauty and wellness services and sales of skincare and wellness products. Details of the Company's principal subsidiaries as at 31 March 2025 are set out in note 15 to the financial statements.

Business Review

A review of the business of the Group during the year under review, including (a) a fair review of the Group's business; (b) a description of the principal risks and uncertainties facing the Group; (c) particulars of important events affecting the Group that have occurred since the end of the year under review; (d) an indication of likely future development in the Group's business; (e) an analysis of the Group's performance during the year under review using financial key performance indicators; (f) a discussion on the Group's environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group (if any) and (g) an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, is set out in "Management Discussion and Analysis" on page 8 to page 15 of this annual report, which constitutes part of this report of the directors.

Results and Appropriations

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss on page 44. The revenue and results of the Group are principally derived from the provision of beauty and wellness services in Hong Kong and Singapore. The Group's revenue and results by reportable segment are set out in note 3 to the financial statements. A detailed review of the development of the business of the Group during the year under review, and likely future prospects, is set out in the section headed "Management Discussion and Analysis" of this annual report.

Declaration of Dividend

No interim dividend had been paid to shareholders of the Company ("Shareholders") during the year under review (FY2024: Nil interim dividend).

No final dividend had been approved by the board during the year under review (FY2024: Nil final dividend).

The Annual General Meeting ("AGM") is scheduled to be held on Thursday, 28 August 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 25 August 2025 to Thursday, 28 August 2025, both days inclusive, during which period no transfer of Share will be effected. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 August 2025.

Reserves

Movements during the year under review in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 49 and note 24(a) to the financial statements respectively.

Distributable Reserves

As at 31 March 2025, the Company's reserve available for distribution amounted to approximately HK$10.9 million. Movements in reserves of the Company during the year under review and the distributable reserves of the Company as at 31 March 2025 are set out in note 24(a) to the financial statements.

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 112, which does not form part of the financial statements.

REPORT OF THE DIRECTORS

Management Contracts
No contracts concerning the management and administration of the whole or any substantial part of the business of the Company and the Group were entered into or existed during the year under review.

Major Customers and Suppliers
During the year under review, the aggregate purchases attributable to the Group's largest supplier accounted for approximately 15% (FY2024: 26%) of the Group's total purchase for the year under review and the five largest suppliers taken together accounted for approximately 41% (FY2024: 46%) of the Group's total purchase for the year under review.

The five largest customers of the Group in aggregate accounted for less than 5% of the total sales.

None of the Directors, their associates, or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest suppliers and customers during the year under review.

Share Capital
Details of movements in the share capital of the Company during the year under review are set out in note 24(c) to the financial statements.

Pre-emptive Rights
There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Charitable Donations
During the year under review, the Group made no donations to charitable and non-profit making organisations.

Directors
The Directors during the year under review and up to the date of this report are:

Executive Directors
Dr. Tsang Yue, Joyce
(Chairperson and Chief Executive Officer)
Mr. Yip Kai Wing
Ms. Yeung See Man

Independent Non-executive Directors
Dr. Wong Man Hin, Raymond
Mr. Hong Po Kui, Martin
Ms. Liu Mei Ling, Rhoda
Mr. Lam Tak Leung, *MH, JP*

Pursuant to Article 130 of the Company's Articles of Association, Mr. Yip Kai Wing and Ms. Yeung See Man will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. Particulars of the aforesaid Directors seeking for re-election at the AGM are set out in the relevant circular to be sent to the Shareholders.

The Company had received from each Independent Non-executive Director ("INED") an annual confirmation of his or her independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considered all of them to be independent.

Directors' Service Contracts
None of the Directors has entered into any service contract which is not determinable by the Company and any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transaction, Arrangement or Contract
Save as disclosed in the sections headed "Connected Transactions" below and in note 29 to the financial statements and those exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules, no transaction, arrangement or contract of significance to the business of the Group to which the Company, its subsidiaries, its holding companies or any subsidiaries of its holding companies was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

REPORT OF THE DIRECTORS

Competing Interest

Save as disclosed in the sections headed "Connected Transactions" below, none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2025, the interests and short positions of 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 Voting Shares of the Company[1]
Dr. Tsang Yue, Joyce	Founder of a discretionary trust	677,247,942	677,247,942	74.88%
	Interest of spouse[2]	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:

1. The percentage has been compiled based on the total number of Shares of the Company in issue as at 31 March 2025 (i.e. 904,483,942 Shares).

2. 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 31 March 2025, 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

At no time during the year 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.

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

As at 31 March 2025, 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 Voting Shares 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:

1. The percentage has been compiled based on the total number of Shares of the Company in issue as at 31 March 2025 (i.e. 904,483,942 Shares).

2. 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.

3. 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.

4. 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.

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.

6. These Shares were included in the above-mentioned number of Shares of 677,247,942. See note 4 and note 5.

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 31 March 2025.

REPORT OF THE DIRECTORS

Connected Transactions

(A) During the year, the Group had the following connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange.

Addition of right-of-use asset from related companies

Since the Group intends to continue to lease certain existing premises and may lease certain new premises and, if appropriate, other new premises from the subsidiaries ("Owners") of Asia Power Global Limited ("Lessor"), a company wholly owned by a family trust set up by Dr. Tsang, as its operating facilities (including but not limited to offices, retail shops, service centres and warehouses) and anticipates that it will enter into new leases during the ordinary and usual course of the Group's business during the three years ending 31 March 2026, the Company and the Lessor entered into an agreement on 22 February 2023 ("2023 Master Lease Agreement") to set out the principal terms and conditions governing the leasing of premises by the Group from the Owners pursuant to the 2023 Master Lease Agreement by the entering into a tenancy or lease agreement in respect of such premises between the Group and the relevant Owner ("2023–2026 Leasing Arrangements") in the future.

The 2023 Master Lease Agreement shall be for a term commencing from 1 April 2023 and ending on 31 March 2026. In addition, the 2023 Master Lease Agreement may be terminated by the Company by giving the Lessor at least sixty days' written notice of termination. Such right allows the Group the flexibility to terminate the 2023 Master Lease Agreement at any time during its term. According to the terms of the 2023 Master Lease Agreement, the Lessor shall not have any right to terminate the 2023 Master Lease Agreement.

Each of the 2023–2026 Leasing Arrangements to be entered into between the Group and the relevant Owners pursuant to the 2023 Master Lease Agreement will have a term commencing on or after 1 April 2023 and expiring on or before (i) the expiration or earlier termination of its own term, or (ii) 31 March 2026, whichever is earlier.

Pursuant to the 2023 Master Lease Agreement, each individual lease to be entered into shall be on normal commercial terms or better (within the meaning of Chapter 14A of the Listing Rules) and the amount of rental (exclusive of rates, government rent and management fees) under each such lease shall be determined by the parties to such individual lease with reference to the then prevailing market rents on premises comparable in location, area and permitted use ("Comparable Premises") provided that before each such individual lease under the 2023 Master Lease Agreement is entered into, the Group shall, at its own cost and expenses, obtain a confirmation from an independent property valuer providing its opinion of the then prevailing market rent of the premises with reference to the market rent of the Comparable Premises and the rent to be set out in the relating Leasing Arrangement under the 2023 Master Lease Agreement shall be no more than such prevailing market rent and the effective date of the opinion shall not be more than three months. The government rent, rates and management fee under each individual lease under the 2023 Master Lease Agreement will be paid to the government or, as the case may be, the management companies by the relevant tenant direct.

The Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants applicable to the Group include HKFRS 16 "Leases" which has come into effect on 1 January 2019 and is applicable to financial years starting on or after 1 January 2019. Under HKFRS 16, the Group, as the lessee, shall recognize the total rental payments payable to the relevant Owners under the 2023 Master Lease Agreement as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group.

REPORT OF THE DIRECTORS

Having considered the current business environment, it is the intention of the Group to negotiate for a discount for the monthly rental (as compared to the fair rent as stated above) when the Group enters into the individual leases with the Owners. Asia Power has in principle agreed to giving such discount under the Leasing Arrangements. Taking into account (i) the fact that the Group intends to continue to lease the properties owned by the Owners in Hong Kong and/or other place(s) in the world currently leased to the Group and are expected to continue to be leased to the Group upon the expiry of the lease agreements ("Existing Premises") and may lease additional premises, for its own use during the three years ending 31 March 2026; (ii) the estimated value of the Group's right-of-use assets of the Existing Premises which is initially measured on present value basis and calculated by discounting the non-cancellable lease payments for respective connected lease, using the incremental borrowing rate as the discount rate; and (iii) the said aggregate prevailing monthly rent of the Existing Premises, it is expected that the Annual Cap in respect of the leasing arrangements as contemplated under the 2023 Master Lease Agreement for the year ending 31 March 2024, the year ending 31 March 2025 and the year ending 31 March 2026 will not exceed HK$119 million, HK$6 million and HK$3 million respectively. These Annual Caps were determined after taking into account (i) the prevailing market rents of the relevant Existing Premises; and (ii) a buffer of approximately 20% for rental payments in respect of additional premises which may be leased from the Owners during the term of the 2023 Master Lease Agreement.

The above transactions have been approved by independent shareholders at an Extraordinary General Meeting held on 30 March 2023.

The amount of the addition of right-of-use asset from related companies during the year are set out in note 29(b) to the financial statements and did not exceed the annual cap for the year.

The Independent Non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to the Listing Rules, the Company has engaged the auditor of the Company to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in writing to the Board of Directors that in respect of the Continuing Connected Transactions:

a. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

REPORT OF THE DIRECTORS

b. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

c. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

The Company confirms that it has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

Other material related party transactions

Other material related party transactions of the Company during the year are set out in note 29 to the financial statements.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Permitted Indemnity Provision

Article 225 of the Articles of Association of the Company provides, inter alia, that every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Article 226 of the Articles of Association of the Company provides, inter alia, that subject to Companies Law (2004 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor, if any director of the Company shall become personally liable for the payment of any sum primarily due from the Company, the majority of the directors of the Company present and voting at a meeting of the directors of the Company at which a quorum is present, may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the director so becoming liable as aforesaid from any loss in respect of such liability.

During the year under review, the Company took out and kept in force insurance for directors and officers of the Company against liability for certain claims for certain wrongful acts.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Audit Committee

The Audit Committee had reviewed and approved the Group's annual results for the year ended 31 March 2025 prior to their approval by the Board. Information on the work of the Audit Committee and its composition are set out in the Corporate Governance Report on page 23 of this annual report.

Corporate Governance

The Company's corporate governance practices are set out in Corporate Governance Report on page 19 of this annual report.

Environmental, Social and Governance Report

The Company will publish a separate Environmental, Social and Governance Report in accordance with Rule 13.91 and the ESG Reporting Guide contained in Appendix 27 to the Listing Rules.

Auditor

The financial statements for FY2025 had been audited by KPMG who will retire and, being eligible, offer itself for reappointment at the AGM. A resolution for the reappointment of KPMG as auditor of the Company will be proposed at the forthcoming AGM.

By order of the Board
Dr. Tsang Yue, Joyce
Chairperson and Chief Executive Officer

Hong Kong, 25 June 2025

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of
Modern Healthcare Technology Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Modern Healthcare Technology Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 44 to 110, which comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key audit matters

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

Recognition of revenue

Refer to notes 4 and 22 to the consolidated financial statements and the accounting policies in note 2(t)(ii).

The Key Audit Matter

The Group's revenue mainly comprises income from beauty and wellness services, which contributed approximately 92% of the Group's total revenue for the year ended 31 March 2025.

The Group sells prepaid packages for beauty and wellness services which comprise multiple numbers of treatments. When prepaid packages are sold, the Group receives upfront payment of the treatment fees, which are recorded as revenue initially.

Prepaid packages sold are non-refundable and customers may not exercise all of their contractual rights within the contract period of one year. Those unexercised contractual rights are referred to as "breakage" and, at the end of the reporting period, management estimates an expected amount of breakage based on historical experience.

In respect of the value of the prepaid beauty and wellness services for which the related services have not yet been provided and have not yet expired, adjusted for breakage, is recorded as deferred revenue in the consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue in respect of the provision of beauty and wellness services included the following:

- with the assistance of our internal IT specialists, identifying and evaluating the relevant IT systems and the design, implementation and operating effectiveness of key internal controls over the recognition of revenue, with particular emphasis on the capturing and recording of beauty and wellness services transactions;
- utilising our internal IT specialists to assist us in assessing the calculation logic of deferred revenue for beauty and wellness services;
- analysing the Group's historical data for utilisation of prepaid packages to re-perform the calculation of the breakage amount for the current year; comparing our expectation with the actual figures recorded by the Group and investigating any unusual items or trends; and assessing whether or not there was an indication of management bias;

INDEPENDENT AUDITOR'S REPORT

Key audit matters (Continued)

Recognition of revenue

Refer to notes 4 and 22 to the consolidated financial statements and the accounting policies in note 2(t)(ii).

The Key Audit Matter	How the matter was addressed in our audit
The Group automatically tracks beauty and wellness services transaction details, including receipts of treatment fees from sales of prepaid packages, subsequent delivery of the related services and the calculation of the expected amount of breakage estimated by management. At the end of the reporting period, the Group generates a "deferred revenue report", representing the prepaid services for which the related services have not yet been provided and have not yet expired, to determine the amount of revenue to be deferred at the end of the reporting period. Based on this deferred revenue report, manual journal entries are prepared to adjust revenue and the balance of deferred revenue at the end of the reporting period. We identified the recognition of revenue from the provision of beauty and wellness services as a key audit matter because revenue is a key performance indicator of the Group and therefore there is a risk that revenue could be manipulated to meet specific targets or expectations.	• comparing the details in the deferred revenue report generated by the IT system, on a sample basis, with relevant underlying documentation, including original invoices and customer acknowledgement records for beauty and wellness services provided to assess whether or not revenue and deferred revenue are (a) completely and accurately recorded based on the deferred revenue report and (b) whether they are accounted for in the correct accounting period; • for the invoices tested in the preceding paragraph, also comparing details therein with transaction statements received from credit card companies and other electronic payment providers; and • inspecting underlying documentation for other manual journal entries relating to revenue which met specific risk-based criteria.

Key audit matters (Continued)

Assessing potential impairment of property, plant and equipment ("PPE")

Refer to note 11 to the consolidated financial statements and the accounting policies in note 2(j)(ii).

The Key Audit Matter

As at 31 March 2025, management identified indicators of potential impairment of the Group's PPE attributable to certain beauty and wellness services segment.

Management determined the recoverable amount of the smallest cash-generating unit ("CGU") to which these assets were allocated where indicators of impairment were identified. The recoverable amount of a CGU is the greater of its value in use and the fair value less costs of disposal of the related assets.

In determining the value in use amount of each CGU for which there are impairment indications, a discounted cash flow forecast is prepared by management.

The preparation of a discounted cash flow forecast involves the exercise of significant management judgement, particularly in forecasting the future revenue and future costs of each concerned CGUs and the discount rate applied.

No impairment loss on PPE has been recognised during the year ended 31 March 2025.

How the matter was addressed in our audit

Our audit procedures to assess potential impairment of PPE including right-of-use assets included the following:

- evaluating management's identification of the CGUs and the allocation of assets to the CGUs and assessing the methodology adopted by management in its preparation of the discounted cash flow forecast with reference to the requirements of the prevailing accounting standards;
- comparing forecast revenue and forecast operating expenses in the discounted cash flow forecast with the relevant data included in the annual financial budget which was approved by management;
- comparing the revenue growth rate adopted in the discounted cash flow forecast with the past growth rates achieved by the CGU and other available external market data, taking into account recent developments in the beauty and wellness industry and the Group's future operating plans;

INDEPENDENT AUDITOR'S REPORT

Key audit matters (Continued)

Assessing potential impairment of property, plant and equipment ("PPE")

Refer to note 11 to the consolidated financial statements and the accounting policies in note 2(j)(ii).

The Key Audit Matter	How the matter was addressed in our audit
We identified potential impairment of PPE as a key audit matter because identifying impairment indicators and determining the level of impairment, if any, involves certain judgemental assumptions, which may be inherently uncertain and could be subject to management bias.	• involving our internal valuation specialists to assist us in assessing the methodology applied by management in its discounted cash flow forecast with reference to the requirements of the prevailing accounting standards; • involving our internal valuation specialists to assist us in assessing whether the discount rate applied in the discounted cash flow forecast is within the range adopted by other companies in the same industry; • comparing the revenue and operating expenses included in the discounted cash flow forecast prepared in the prior year with the current year's performance to assess the reliability of management's budgeting and forecasting processes; and • performing sensitivity analyses of the key assumptions adopted in the discounted cash flow forecast and assessing the impact of changes in the key assumptions, including the revenue growth rate and the discount rate applied, to evaluate the impact on the conclusions reached in the impairment assessment and considering whether there were any indicators of management bias.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

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

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

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

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

– Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Ling Tak Maggie (practising certificate number: P04545).

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 June 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	4	**453,274**	454,706
Other income	5	**13,157**	8,841
Cost of inventories sold	18	**(16,421)**	(14,475)
Advertising costs		**(2,583)**	(4,214)
Building management fees		**(11,573)**	(12,128)
Bank charges		**(24,857)**	(22,717)
Employee benefit expenses	6(a)	**(283,802)**	(287,433)
Depreciation and amortisation	11	**(75,682)**	(76,634)
Other operating expenses		**(49,404)**	(50,361)
Profit/(loss) from operations		**2,109**	(4,415)
Finance costs	6(c)	**(4,469)**	(5,917)
Interest income		**4,820**	4,142
Fair value change on investment properties	12	**(5,500)**	(5,800)
Net gain on disposal of subsidiaries		**–**	2,402
Loss before taxation	6	**(3,040)**	(9,588)
Income tax (expense)/credit	7(a)	**(1,731)**	962
Loss for the year		**(4,771)**	(8,626)
Attributable to:			
Equity shareholders of the Company		**(5,066)**	(9,571)
Non-controlling interests		**295**	945
Loss for the year		**(4,771)**	(8,626)
Loss per share (HK cents)	10		
Basic		**(0.56)**	(1.06)
Diluted		**(0.56)**	(1.06)

The notes on pages 52 to 110 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Loss for the year		**(4,771)**	(8,626)
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**77**	555
– Release of exchange reserve upon disposal of subsidiaries		**–**	(1,422)
		77	(867)
Items that will not be reclassified to profit or loss:			
– Remeasurement of long service payment liabilities, net of tax expense of HK$298,000 (2024: Nil)		**1,506**	–
Other comprehensive income for the year		**1,583**	(867)
Total comprehensive income for the year		**(3,188)**	(9,493)
Attributable to:			
Equity shareholders of the Company		**(3,483)**	(10,438)
Non-controlling interests		**295**	945
Total comprehensive income for the year		**(3,188)**	(9,493)

The notes on pages 52 to 110 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	11	**160,175**	195,911
Investment properties	12	**33,600**	39,100
Deposits and prepayments	16	**4,317**	12,530
Deferred tax assets	17(a)	**301**	206
		198,393	247,747
Current assets			
Inventories	18	**12,741**	8,391
Trade and other receivables, deposits and prepayments	16	**63,113**	134,043
Tax recoverable		**633**	93
Pledged bank deposits	19	**52,906**	27,106
Bank deposits with original maturity over three months		**14,333**	5,674
Cash and bank balances	20(a)	**222,340**	187,982
		366,066	363,289
Current liabilities			
Trade and other payables, deposits received and accrued expenses	21	**48,278**	51,861
Deferred revenue	22	**252,909**	251,383
Lease liabilities	23	**50,353**	55,725
Bank loan		**355**	597
Tax payable		**395**	1,585
		352,290	361,151
Net current assets		**13,776**	2,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Total assets less current liabilities		**212,169**	249,885
Non-current liabilities			
Lease liabilities	23	**17,941**	49,895
Bank loan		**–**	355
Long service payment liabilities	25(b)	**1,516**	3,108
Reinstatement provision	21	**1,202**	1,991
Deferred tax liabilities	17(a)	**311**	149
		20,970	55,498
NET ASSETS		**191,199**	194,387
CAPITAL AND RESERVES			
Share capital	24(c)	**90,448**	90,448
Reserves		**95,401**	98,884
Total equity attributable to equity shareholders of the Company		**185,849**	189,332
Non-controlling interests		**5,350**	5,055
TOTAL EQUITY		**191,199**	194,387

Approved and authorised for issue by the Board of Directors on 25 June 2025.

Ms. Yeung See Man
Director

Mr. Yip Kai Wing
Director

The notes on pages 52 to 110 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	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 2024:									
(Loss)/profit for the year	–	–	–	–	–	(9,571)	(9,571)	945	(8,626)
Other comprehensive income									
– Exchange differences on translation of foreign operations	–	–	–	555	–	–	555	–	555
– Release of exchange reserve upon disposal of subsidiaries	–	–	–	(1,422)	–	–	(1,422)	–	(1,422)
	–	–	–	(867)	–	–	(867)	–	(867)
Total comprehensive income	–	–	–	(867)	–	(9,571)	(10,438)	945	(9,493)
Balance at 31 March 2024	90,448	318,791	(373,253)	(1,719)	17,455	137,610	189,332	5,055	194,387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	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 2024	90,448	318,791	(373,253)	(1,719)	17,455	137,610	189,332	5,055	194,387
Changes in equity for 2025:									
(Loss)/profit for the year	–	–	–	–	–	(5,066)	(5,066)	295	(4,771)
Other comprehensive income									
– Exchange differences on translation of foreign operations	–	–	–	77	–	–	77	–	77
– Remeasurement of long service payment liabilities	–	–	–	–	–	1,506	1,506	–	1,506
	–	–	–	77	–	1,506	1,583	–	1,583
Total comprehensive income	–	–	–	77	–	(3,560)	(3,483)	295	(3,188)
Balance at 31 March 2025	90,448	318,791	(373,253)	(1,642)	17,455	134,050	185,849	5,350	191,199

The notes on pages 52 to 110 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Operating activities			
Loss before taxation		**(3,040)**	(9,588)
Adjustments for:			
Depreciation and amortisation	11	**75,682**	76,634
Interest income		**(4,820)**	(4,142)
Finance costs	6(c)	**4,469**	5,917
Net gain on disposal of property, plant and equipment	5	**(92)**	(2,550)
Fair value change on investment properties	12	**5,500**	5,800
Impairment losses on goodwill		**–**	151
Net gain on disposal of subsidiaries		**–**	(2,402)
Net foreign exchange loss		**280**	555
Operating profit before changes in working capital		**77,979**	70,375
Increase in inventories		**(4,350)**	(605)
Decrease in trade and other receivables, deposits and prepayments		**79,141**	2,820
Decrease in trade and other payables, deposits received and accrued expenses		**(4,162)**	(14,513)
Increase in deferred revenue		**1,289**	13,843
Cash generated from operations		**149,897**	71,920
Interest received		**4,820**	4,142
Tax refunded		**746**	4,348
Tax paid		**(4,375)**	(1,754)
Net cash generated from operating activities		**151,088**	78,656

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Investing activities			
Increase in bank deposits with original maturity over three months		**(8,659)**	(54)
Payment for the purchase of property, plant and equipment		**(16,144)**	(14,581)
Proceeds from disposal of property, plant and equipment		**100**	2,697
Net cash outflow from disposal of subsidiaries		**–**	(670)
Net cash inflow from acquisition of a subsidiary		**–**	33
(Increase)/decrease in pledged bank deposits		**(25,800)**	20,740
Net cash (used in)/generated from investing activities		**(50,503)**	8,165
Financing activities			
Capital element of lease rentals paid	20(b)	**(61,173)**	(64,451)
Interest element of lease rentals paid	20(b)	**(4,454)**	(5,907)
Repayment of bank loan	20(b)	**(597)**	(231)
Bank loan interest paid	20(b)	**(15)**	(10)
Net cash used in financing activities		**(66,239)**	(70,599)
Net increase in cash and cash equivalents		**34,346**	16,222
Effect of foreign exchange rates changes		**12**	(150)
Cash and cash equivalents at the beginning of the year		**187,982**	171,910
Cash and cash equivalents at the end of the year	20(a)	**222,340**	187,982

The notes on pages 52 to 110 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

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

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

2 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material accounting policies adopted by the Company and its subsidiaries ("the Group") are disclosed below.

The HKICPA has issued certain amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties (see note 2(f)) are stated at their fair values as explained in the accounting policies set out below.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 31.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants*

- Amendments to HKAS 16, *Leases – Lease liability in sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(m) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(t)(iii).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment and right-of-use assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold land is depreciated over the unexpired term of lease.

– The Group's interest in buildings situated on leasehold land and other properties leased for own use are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives.

– Leasehold improvements	Over the lease term
– Equipment and machinery	4 years
– Furniture and fixtures	4 years
– Motor vehicles	3 years
– Computers	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(ii)). Intangible assets, if acquired in a business combination, are measured at fair value at acquisition date.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Customer relationship	6 years
– Trademark	Indefinite

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(h) Intangible assets (other than goodwill) (continued)

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(f).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(i) Leased assets (continued)

(i) As a lessee (continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets that do not meet the definition of an investment property in property, plant and equipment and presents lease liabilities separately.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(t)(iii).

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and lease receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Expected cash shortfalls of trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof, while lease receivables are discounted using the discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(t)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(j) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, or in the form of materials or supplies to be consumed in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(k) Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings and borrowing costs

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

(o) Deferred revenue

Deferred revenue is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(t)(ii)). Deferred revenue would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(j)(i).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans, including those payables in Australia, Hong Kong, and Singapore, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution retirement plans

The Group operates a Mandatory Provident Fund ("MPF") scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF scheme.

The Group's subsidiaries established in Singapore are required to make contributions to defined contribution retirement benefit plans are recognised as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan).

The Group's subsidiaries established in Australia are required to make contributions to respective defined contribution plans, which are charged to profit or loss in the financial year to which they relate.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(q) Employee benefits (continued)

(iii) Defined benefit plan obligation

The Group has Long Service Payment ("LSP") under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(r) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sales of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(r) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of skincare and wellness products

Revenue is recognised when goods are delivered to the customers which is taken to be the point in time when the customer takes possession of and accepts the products.

(ii) Provision of beauty and wellness services

The Group sells prepaid packages for beauty and wellness services which comprise multiple numbers of treatments.

Revenue from the rendering of services is recognised when the services have been rendered to customers.

Prepaid packages sold are non-refundable and customers may not exercise all of their contractual rights within the contract period of one year. Those unexercised contractual rights are referred to as "breakage". An expected breakage amount is determined by historical experience and is recognised as revenue in proportion to the pattern of rights exercised by the customers.

In respect of the value of the prepaid beauty and wellness services for which the related services have not yet been rendered and have not yet expired, adjusted for breakage, is recorded as deferred revenue in the consolidated financial statements.

Any residual deferred revenue at the end of the contractual service period is fully recognised in profit or loss.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(t) Revenue and other income (continued)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(j)(i)).

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Material accounting policies (continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Segment information

The Group has two reportable segments as follows:

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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Segment profits do not include other income, interest income and fair value change on investment properties, net gain on disposal of subsidiaries, 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 and amounts due to related companies and the ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Segment information (continued)

(a) Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2025 and 2024 is set out below.

	Beauty and wellness services HK$'000	Skincare and wellness products HK$'000	Total HK$'000
Year ended 31 March 2025			
Revenue from external customers	**416,136**	**37,138**	**453,274**
Reportable segment (loss)/profit	**(7,210)**	**17,529**	**10,319**
Other segment information:			
Additions to property, plant and equipment	**38,065**	**1,895**	**39,960**
Depreciation and amortisation	**70,787**	**4,895**	**75,682**
As at 31 March 2025			
Reportable segment assets	**518,625**	**11,300**	**529,925**
Reportable segment liabilities	**350,410**	**22,104**	**372,514**

	Beauty and wellness services HK$'000	Skincare and wellness products HK$'000	Total HK$'000
Year ended 31 March 2024			
Revenue from external customers	419,688	35,018	454,706
Reportable segment (loss)/profit	(10,052)	17,279	7,227
Other segment information:			
Additions to property, plant and equipment (excluding acquisition of a subsidiary)	136,566	9,072	145,638
Depreciation and amortisation	71,874	4,760	76,634
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 FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Segment information (continued)

(b) Reconciliations of reportable segment profit, assets and liabilities

	2025 HK$'000	2024 HK$'000
Profit/(loss)		
Reportable segment profit	**10,319**	7,227
Other income	**13,157**	8,841
Interest income	**4,820**	4,142
Fair value change on investment properties	**(5,500)**	(5,800)
Net gain on disposal of subsidiaries	**–**	2,402
Unallocated costs	**(25,836)**	(26,400)
Income tax (expense)/credit	**(1,731)**	962
Consolidated loss for the year	**(4,771)**	(8,626)
Assets		
Reportable segment assets	**529,925**	571,637
Investment properties	**33,600**	39,100
Deferred tax assets	**301**	206
Tax recoverable	**633**	93
Consolidated total assets	**564,459**	611,036
Liabilities		
Reportable segment liabilities	**372,514**	414,875
Tax payable	**395**	1,585
Deferred tax liabilities	**311**	149
Amounts due to related companies	**38**	38
Amount due to the ultimate controlling party	**2**	2
Consolidated total liabilities	**373,260**	416,649

(c) Geographic information

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Segment information (continued)

(c) Geographic information (continued)

	Revenue from external customers		Specified non-current assets	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Hong Kong (place of domicile)	**404,999**	399,381	**125,192**	154,280
Mainland China	**–**	4,546	**–**	–
Singapore	**47,463**	49,991	**33,854**	40,460
Australia	**812**	788	**1,129**	1,171
	453,274	454,706	**160,175**	195,911

4 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:

	2025 HK$'000	2024 HK$'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	**416,136**	419,688
Sales of skincare and wellness products	**37,138**	35,018
	453,274	454,706

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

Disaggregation of revenue from contracts with customers by geographical segment is disclosed in note 3(c).

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Other income

	2025 HK$'000	2024 HK$'000
Income from provision of domestic helper agency services	**2,775**	2,725
Event admission fee	**819**	–
Income from cafe operations	**3,517**	1,753
Rental income	**1,553**	1,553
Net gain on disposal of property, plant and equipment	**92**	2,550
Insurance claim	**1,776**	96
Others	**2,625**	164
	13,157	8,841

6 Loss before taxation

Loss before taxation is arrived at after charging:

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

	2025 HK$'000	2024 HK$'000
Salaries, wages and other benefits	**271,380**	272,635
Contributions to defined contribution retirement plans	**12,210**	14,166
Long service payments (note 25(b))	**212**	632
	283,802	287,433

(b) Other items

	2025 HK$'000	2024 HK$'000
Auditor's remuneration	**4,209**	4,394
Net foreign exchange loss	**81**	162

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Loss before taxation (continued)

(c) Finance costs

	2025 HK$'000	2024 HK$'000
Interest on lease liabilities (note 20(b))	**4,454**	5,907
Interest on bank loan (note 20(b))	**15**	10
	4,469	5,917

7 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 HK$'000	2024 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**604**	377
Over-provision in respect of prior years	**(92)**	(2,286)
	512	(1,909)
Current tax – Overseas		
Provision for the year	**643**	1,572
Under/(over)-provision in respect of prior years	**808**	(6)
	1,451	1,566
Deferred tax		
Originated and reversal of temporary differences	**(232)**	(619)
Tax expense/(credit)	**1,731**	(962)

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax in the consolidated statement of profit or loss (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

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

(b) Reconciliation between the tax expense/(credit) and accounting loss at applicable tax rates:

	2025 HK$'000	2024 HK$'000
Loss before taxation	**(3,040)**	(9,588)
Notional tax on loss before taxation	**(501)**	(1,582)
Effect of different tax rates of subsidiaries	**9**	(269)
Tax effect of tax exemption	**(8)**	(116)
Tax effect of non-taxable income	**(519)**	(598)
Tax effect of non-deductible expenses	**1,356**	1,014
Tax effect of utilisation of tax losses previously not recognised	**(1,671)**	(1,885)
Tax effect of tax losses not recognised	**2,313**	4,009
Tax effect of temporary differences not recognised	**36**	(161)
Under/(over)-provision in respect of prior years	**716**	(2,292)
Others	**–**	918
Actual tax expense/(credit)	**1,731**	(962)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Directors' emoluments

Directors' emoluments disclosed with reference to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025			
Name of Directors	**Directors' fees HK$'000**	**Salaries and other benefits in kind HK$'000**	**Contributions to defined contributions retirement plan HK$'000**	**Total HK$'000**
Tsang Yue, Joyce	**–**	**16,515**	**74**	**16,589**
Yip Kai Wing	**–**	**754**	**18**	**772**
Yeung See Man	**–**	**858**	**18**	**876**
Liu Mei Ling, Rhoda	**324**	**–**	**–**	**324**
Wong Man Hin, Raymond	**264**	**–**	**–**	**264**
Hong Po Kui, Martin	**264**	**–**	**–**	**264**
Lam Tak Leung	**264**	**–**	**–**	**264**
	1,116	**18,127**	**110**	**19,353**

	2024			
Name of Directors	Directors' fees HK$'000	Salaries and other benefits in kind HK$'000	Contributions to defined contributions retirement plan HK$'000	Total HK$'000
Tsang Yue, Joyce	–	15,700	85	15,785
Yip Kai Wing	–	754	18	772
Yeung See Man	–	858	18	876
Liu Mei Ling, Rhoda	324	–	–	324
Wong Man Hin, Raymond	264	–	–	264
Hong Po Kui, Martin	264	–	–	264
Lam Tak Leung (appointed on 1 October 2023)	132	–	–	132
	984	17,312	121	18,417

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2024: one) is the director whose emoluments is disclosed in note 8. The aggregate of the emoluments in respect of the other four (2024: four) individuals are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other benefits in kind	7,076	6,464
Contributions to defined contribution retirement plan	136	150
	7,212	6,614

The emoluments of the four (2024: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2025 HK$'000	2024 HK$'000
HK$1,000,001 – HK$1,500,000	2	2
HK$1,500,001 – HK$2,000,000	1	1
HK$2,000,001 – HK$2,500,000	–	1
HK$3,000,001 – HK$3,500,000	1	–
	4	4

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

10 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$5,066,000 (2024: HK$9,571,000) and the weighted average number of 904,483,942 ordinary shares (2024: weighted average number of 904,483,942 ordinary shares) in issue during the year. Diluted loss per share is the same as basic loss per share as there were no dilutive potential shares in issue throughout the years ended 31 March 2025 and 2024.

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(Expressed in Hong Kong dollars unless otherwise indicated)

11 Property, plant and equipment

	Ownership interests in leasehold land and buildings held for own use HK$'000	Leasehold improvements HK$'000	Equipment and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computers HK$'000	Other properties leased for own use HK$'000	Total HK$'000
Cost:								
At 1 April 2023	75,957	149,748	100,352	4,030	11,484	11,760	313,033	666,364
Additions	–	5,611	1,837	14	7,095	24	131,057	145,638
Disposals/written off	–	(30,868)	(12,512)	(1,374)	(4,549)	(332)	(4,424)	(54,059)
Acquisition of a subsidiary	–	–	–	–	–	–	345	345
Disposal of subsidiaries	–	(3,835)	–	(2,268)	–	–	(15,376)	(21,479)
Exchange differences	(396)	(653)	(496)	(32)	(101)	(11)	(1,427)	(3,116)
At 31 March 2024 and 1 April 2024	75,561	120,003	89,181	370	13,929	11,441	423,208	733,693
Additions	–	13,015	2,807	–	213	109	23,816	39,960
Disposals/written off	–	(3,568)	(15)	–	(885)	–	(74,949)	(79,417)
Exchange differences	7	2	(62)	–	4	–	121	72
At 31 March 2025	75,568	129,452	91,911	370	13,261	11,550	372,196	694,308
Accumulated depreciation and impairment losses:								
At 1 April 2023	3,877	137,659	97,755	3,964	9,980	10,700	273,603	537,538
Charge for the year	2,571	5,584	1,379	4	719	20	66,357	76,634
Written back on disposals/written off	–	(30,827)	(12,491)	(1,372)	(4,467)	(331)	(4,424)	(53,912)
Disposal of subsidiaries	–	(3,678)	–	(2,268)	–	–	(14,214)	(20,160)
Exchange differences	(8)	(589)	(430)	(32)	(61)	(10)	(1,188)	(2,318)
At 31 March 2024 and 1 April 2024	6,440	108,149	86,213	296	6,171	10,379	320,134	537,782
Charge for the year	2,570	7,775	1,589	4	1,775	41	61,928	75,682
Written back on disposals/written off	–	(3,568)	(7)	–	(885)	–	(74,949)	(79,409)
Exchange differences	2	2	(16)	–	1	–	89	78
At 31 March 2025	9,012	112,358	87,779	300	7,062	10,420	307,202	534,133
Carrying amount:								
At 31 March 2025	66,556	17,094	4,132	70	6,199	1,130	64,994	160,175
At 31 March 2024	69,121	11,854	2,968	74	7,758	1,062	103,074	195,911

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Property, plant and equipment (continued)

(a) Impairment loss on property, plant and equipment

As at 31 March 2025, the Group conducted a review of its property, plant and equipment and determined that the recoverable amount of certain property, plant and equipment are estimated to be higher than its carrying amount. Based on the results of the review, no impairment loss was recognised during the year ended 31 March 2025 (2024: Nil). The recoverable amount of the property, plant and equipment is estimated based on value in use calculation.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	**2025 HK$'000**	2024 HK$'000
Investment properties	12	**33,600**	39,100
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in Hong Kong with remaining lease term of between 10 and 30 years		**48,357**	50,530
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in Singapore with remaining lease term of between 30 and 50 years		**18,199**	18,591
Other properties leased for own use		**64,994**	103,074

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 HK$'000	2024 HK$'000
Depreciation charge of right-of-use assets by class of underlying assets:		
Ownership interest in leasehold land and building held for own use	**2,570**	2,571
Other properties leased for own use	**61,928**	66,357
Interest on lease liabilities (note 6(c))	**4,454**	5,907

During the year, additions to right-of-use assets were HK$23,816,000 (2024: HK$131,402,000), relating to the capitalised lease payments payable under new/renewed tenancy agreements.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Property, plant and equipment (continued)

(b) Right-of-use assets (continued)

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(c) and 23, respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings units for provision of beauty and wellness services and sales of skincare and wellness. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and beauty centres through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Lease payments are adjusted periodically to reflect market rentals.

During the year ended 31 March 2025, the Group leased a number of beauty centres which contain variable lease payment terms that are based on sales generated from the beauty centres and minimum annual lease payment terms that are fixed. These payment terms are common in beauty centres in Hong Kong where the Group operates. No variable lease payment was incurred for the year as the thresholds were not met (2024: Nil).

(c) Property pledged as securities

At 31 March 2025, ownership interests in leasehold land and buildings held for own use with carrying values of HK$48,357,000 (2024: HK$50,530,000) were pledged as securities to secure the Group’s performance of services to customers who paid for the services by credit cards, in accordance with the merchant agreements entered into between the Group and the banks/credit card companies.

12 Investment properties

	2025 **HK$’000**	2024 HK$’000
At the beginning of the year	**39,100**	44,900
Fair value change	**(5,500)**	(5,800)
At the end of the year	**33,600**	39,100

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (continued)

Investment properties were revalued as at 31 March 2025 and 2024. Details of the fair value measurement are disclosed in note 12(a)(i).

As of 31 March 2025 and 2024, all the Group's investment properties are situated in Hong Kong, with remaining lease term between 10 and 30 years.

(a) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 March 2025 HK$'000	**Fair value measurements as at 31 March 2025 categorised into**		
		Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurements				
Investment properties				
– Commercial – Hong Kong	**33,600**	**–**	**–**	**33,600**

	Fair value at 31 March 2024 HK$'000	Fair value measurements as at 31 March 2024 categorised into		
		Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Investment properties				
– Commercial – Hong Kong	39,100	–	–	39,100

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(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (continued)

(a) Fair value measurement of investment properties (continued)

(i) Fair value hierarchy (continued)

All of the Group's investment properties measured at fair value on a recurring basis are categorised as Level 3 of the fair value hierarchy.

During the year ended 31 March 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 in respect of the Group's investment properties (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All the Group's investment properties were revalued as at 31 March 2025 and 2024. The valuations were carried out by an independent firm of surveyors, ROMA Appraisals Limited (2024: Bonvision International Appraisals Limited), who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's senior management have discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

(ii) Information about Level 3 fair value measurements

The fair value of the Group's investment properties located in Hong Kong are determined on a recurring basis using the direct comparison approach assuming sale of properties in their existing state with vacant possession and by reference to recent comparable sales transactions as available in the market.

Valuation techniques	**Unobservable inputs**	**Range 2025**	Range 2024
Market comparable approach	Unit rate/square feet (for saleable area)	**HK$6,742 to HK$9,766**	HK$7,999 to HK$11,482

Fair value adjustment of investment properties is recognised as a separate line item "Fair value change on investment properties" in the Group's consolidated statement of profit or loss.

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (continued)

(b) Investment properties lease out under operating leases

The Group holds several buildings units for leasing for rental income. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 **$'000**	2024 $'000
Within 1 year	**1,849**	1,738
After 1 year but within 2 years	**1,849**	1,849
After 2 years but within 3 years	**1,849**	1,849
After 3 years but within 4 years	**693**	1,849
After 4 years but within 5 years	**–**	693
	6,240	7,978

13 Goodwill and business combination

Goodwill arose from business combination is as follows:

	HK$'000
At 1 April 2023	–
Business combination (note (b))	151
Impairment loss	(151)
At 31 March 2024, 1 April 2024 and 31 March 2025	–

(a) Care Plus International Pty Limited

In July 2014, Main Deal Limited, a former wholly owned subsidiary of the Group, acquired 49% equity interest in Care Plus International Pty Limited ("Care Plus"), which is incorporated in Australia, with a subsequent acquisition of an additional 2% equity interest in Care Plus in 2016. In May 2016, the Group completed the acquisition of the 2% equity interest in Care Plus, which has given the Group control over Care Plus. Care Plus has become a subsidiary of the Group since then. The acquisitions in July 2014 and May 2016 have been treated as "step acquisitions" under HKFRS 3 (Revised) *Business Combinations* ("HKFRS 3"). The principal activities of Care Plus is manufacturing and trading of beauty and wellness products.

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(Expressed in Hong Kong dollars unless otherwise indicated)

13 Goodwill and business combination (continued)

(a) Care Plus International Pty Limited (continued)

According to HKFRS 3, a step acquisition is accounted for using the acquisition method of accounting. Therefore the initial equity investments are remeasured to fair value as at the acquisition date and any gain or loss arising from the acquisition is recognised in the consolidated statement of profit or loss. The initial equity investments are deemed to have been disposed of, in return, with the consideration transferred for the total 51% equity interest in Care Plus. The fair values of the initial equity investments form one of the components to calculate goodwill, along with the consideration transferred and non-controlling interests, if any, less the fair value of the identifiable net assets of Care Plus.

Full impairment was made on goodwill in previous years.

(b) Singapore Spa Institute Pte Ltd

On 14 November 2023, RPC COM PTE. LTD, a wholly owned subsidiary of the Group, acquired 100% equity interest in Singapore Spa Institute Pte Ltd ("SSI"), which is incorporated in Singapore, at a total consideration of SGD2. SSI is an unlisted corporate entity whose quoted market price is unavailable. The principal activity of SSI is provision of beauty and wellness treatment training programme. Goodwill of HK$151,000 was recognised upon acquisition during the year ended 31 March 2024 which represented the future benefits arising from the acquisition that were not currently individually identified and separately recognised. The goodwill recognised was not expected to be deductible for income tax purposes.

At 31 March 2024, management assessed that the recoverable amount of SSI's CGU was less than its carrying amount, resulting in a full impairment of the goodwill.

14 Intangible assets

	Customer relationships HK$'000	Trademarks HK$'000	Total HK$'000
Cost:			
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,321	1,197	2,518
Accumulated amortisation and impairment losses:			
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,321	1,197	2,518
Net book value:			
At 31 March 2025	–	–	–
At 31 March 2024	–	–	–

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15 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ registration	Particulars of issued and paid up capital	Percentage of ownership interest Direct	Indirect	Principal activities and place of business
Care Plus International Pty Limited*	Australia	1 ordinary share of AU$1	–	51%	Sales of skincare and wellness products, Australia
Koladen Enterprises Inc.*	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Investment holding, Hong Kong
Modern Beauty Holdings Limited*	British Virgin Islands	1,000 ordinary shares of US$1 each	–	100%	Investment holding, Hong Kong
Modern Beauty Salon (International) Limited	British Virgin Islands	450,000 preferred shares of US$0.1 each and 50,000 ordinary shares of US$0.1 each	–	100%	Provision of sub-franchising services in relation to the provision of beautification and gymnastic services, Hong Kong
Nice Sound Investments Limited*	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment holding, Hong Kong
Advanced Natural (Hong Kong) Limited	Hong Kong	10,000 ordinary shares	–	51%	Sales of skincare and wellness products, Hong Kong
Artemis Biotechnology Limited	Hong Kong	650,000 ordinary shares	–	100%	Sales of skincare and wellness products, Hong Kong
BE Universal Limited	Hong Kong	1,000 ordinary shares	–	100%	Provision of beauty and wellness services and sales of skincare and wellness products, Hong Kong
Beauty Expert (International) Limited	Hong Kong	10,000 ordinary shares	–	100%	Provision of management services, Hong Kong
Beauty Expert International Academy Limited	Hong Kong	100 ordinary shares	–	100%	Provision of beauty and wellness treatment training programme, Hong Kong
Delta Fund Management Company Limited	Hong Kong	100 ordinary shares	–	100%	Fund management, Hong Kong
Full Season Limited	Hong Kong	100 ordinary shares	–	100%	Provision of beauty and wellness services, Hong Kong

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(Expressed in Hong Kong dollars unless otherwise indicated)

15 Investments in subsidiaries (Continued)

Name of company	Place of incorporation/ registration	Particulars of issued and paid up capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities and place of business
Modern (Human Resource) Limited	Hong Kong	10,000 ordinary shares	–	100%	Provision of management services, Hong Kong
Modern Beauty Management Company Limited	Hong Kong	1,000 ordinary shares	–	100%	Investment holding, Hong Kong
Modern Beauty Salon (HK) Limited	Hong Kong	2 ordinary shares	–	100%	Provision of beauty and wellness services and sales of skincare and wellness products, Hong Kong
Excellent Quality Maid Agency Limited	Hong Kong	100 ordinary shares	–	100%	Provision of maid agency services, Hong Kong
Full Land Limited	Hong Kong	100 ordinary shares	–	100%	Provision of beauty and wellness services and sales of skincare and wellness products, Hong Kong
MMX (HK) Limited	Hong Kong	100 ordinary shares	–	100%	Holding of property leases, Hong Kong
Modern Beauty Saloon Limited	Hong Kong	10,000 ordinary shares	–	100%	Provision of licensing services, Hong Kong
MPL (HK) Limited	Hong Kong	100 ordinary shares	–	100%	Investment holding, Hong Kong
Noble Asia Limited	Hong Kong	100 ordinary shares	–	100%	Sales of skincare and wellness products, Hong Kong
Rise Star Asia Pacific Limited	Hong Kong	1 ordinary share	–	100%	Property holding, Hong Kong
Sino Kingdom Trading Limited	Hong Kong	1 ordinary share	–	100%	Sales of skincare and wellness products, Hong Kong
Spread Full Limited	Hong Kong	1 ordinary share	–	100%	Property holding, Hong Kong
Step Well Investment Limited	Hong Kong	1,000 ordinary shares	–	100%	Provision of beauty and wellness services, Hong Kong
Wesley International Payment Company Limited	Hong Kong	100 ordinary shares	–	100%	Provision of management services, Hong Kong
Zi Advertising (HK) Limited	Hong Kong	10,000 ordinary shares	–	100%	Provision of advertising services, Hong Kong

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Investments in subsidiaries (Continued)

Name of company	Place of incorporation/ registration	Particulars of issued and paid up capital	Percentage of ownership interest		Principal activities and place of business
			Direct	Indirect	
GIG Coffee Pte. Limited	Singapore	100,000 ordinary shares of S$1 each	–	100%	Provision of sales of food and beverage, Singapore
Modern Beauty Salon (S) Pte. Limited	Singapore	150,000 ordinary shares of S$1 each	–	100%	Provision of beauty and wellness services, Singapore
Modern Beauty Wellness Pte. Limited	Singapore	150,000 ordinary shares of S$1 each	–	100%	Provision of management services, Singapore
Splendid Overseas Pte. Limited	Singapore	150,000 ordinary shares of S$1 each	–	100%	Provision of management services, Singapore
Zegna International Pte. Limited	Singapore	10 ordinary shares	–	100%	Property holding, Singapore

* Companies not audited by KPMG.

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(Expressed in Hong Kong dollars unless otherwise indicated)

15 Investments in subsidiaries (continued)

The following table lists out the information relating to Care Plus, the subsidiary of the Group acquired in May 2016 which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025 HK$'000	2024 HK$'000
NCI percentage	**49%**	49%
Current assets	**623**	1,479
Non-current assets	**5,229**	3,688
Current liabilities	**(446)**	(372)
Non-current liabilities	**–**	–
Net assets	**5,406**	4,795
Carrying amount of NCI	**2,649**	2,350
Revenue	**3,256**	2,961
Profit for the year	**610**	1,665
Total comprehensive income	**610**	1,665
Profit allocated to NCI	**299**	816
Dividend paid to NCI	**–**	–
Cash flows from operating activities	**1,540**	2,514
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**–**	–

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Trade and other receivables, deposits and prepayments

	2025 HK$'000	2024 HK$'000
Non-current assets		
Deposits and prepayments	**4,317**	12,530
Current assets		
Trade receivables, net of allowance for expected credit loss	**11,649**	19,809
Trade deposits retained by bank/credit card companies (Note)	**19,661**	89,099
Rental and other deposits, prepayments and other receivables	**31,798**	25,130
Amounts due from related companies (note 29(c))	**5**	5
	63,113	134,043
	67,430	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 banks/credit card companies.

(a) Ageing analysis

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

	2025 HK$'000	2024 HK$'000
0 – 30 days	**6,543**	10,814
31 – 60 days	**1,651**	1,968
61 – 90 days	**740**	3,050
91 – 180 days	**2,715**	3,977
	11,649	19,809

Trade receivables are due within 7 – 180 days (2024: 7 – 180 days) from the date of billing. Further details on the Group's credit policy are set out in note 26(a).

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(Expressed in Hong Kong dollars unless otherwise indicated)

16 Trade and other receivables, deposits and prepayments (continued)

(a) Ageing analysis (continued)

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

	2025 **HK$'000**	2024 HK$'000
Current (not past due)	**11,635**	19,758
Less than 30 days past due	**–**	1
31 – 60 days past due	**–**	–
61 – 90 days past due	**–**	–
91 – 180 days past due	**14**	50
	11,649	19,809

(b) Impairment of trade receivables

No expected credit loss allowance was provided in respect of trade receivables during the years ended 31 March 2025 and 2024.

17 Deferred tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation HK$'000	**Tax losses** HK$'000	**Others** HK$'000	**Total** HK$'000
Deferred tax arising from:				
At 1 April 2023	594	(33)	(350)	211
Disposal of subsidiaries	–	–	350	350
(Credited)/charged to profit or loss	(372)	34	(281)	(619)
Exchange differences	(2)	(1)	4	1
At 31 March 2024 and 1 April 2024	220	–	(277)	(57)
Charged/(credited) to profit or loss	2	(1)	(233)	(232)
Charged to reserves	–	–	298	298
Exchange differences	–	–	1	1
At 31 March 2025	222	(1)	(211)	10

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Deferred tax in the consolidated statement of financial position (continued)

(a) Deferred tax assets and liabilities recognised (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2025 HK$'000	2024 HK$'000
Net deferred tax asset recognised in the consolidated statement of financial position	**(301)**	(206)
Net deferred tax liability recognised in the consolidated statement of financial position	**311**	149
	10	(57)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$219,100,000 (2024: HK$215,209,000) and deductible temporary difference arising from depreciation in excess of related depreciation allowance of HK$25,022,000 (2024: HK$24,805,000) as it is not probable that future taxable profits against which the assets can be utilised will be available in the relevant tax jurisdiction and entity.

18 Inventories

	2025 HK$'000	2024 HK$'000
Finished goods	**12,741**	8,391

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 HK$'000	2024 HK$'000
Carrying amount of inventories sold	**16,421**	14,475

As at 31 March 2025 and 2024, inventories represented finished goods of skincare and wellness products. The carrying amount of inventories recognised as an expense and included in profit or loss is HK$16,421,000 (2024: HK$14,475,000) which is recognised as "Cost of inventories sold".

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19 Pledged bank deposits

The Group's pledged deposits are denominated in Hong Kong dollars at floating interest rate, with effective interest rate during the year of 0.25% – 3.9% (2024: 0.1% – 4.1%) per annum respectively.

At 31 March 2025, the Group's pledged bank deposit were pledged as securities to secure the Group's performance of services to customers who paid for the services by credit cards, in accordance with the merchant agreements entered into between the Group and the banks/credit card companies.

The Group had undrawn facilities of HK$6,000,000 (2024: HK$6,000,000) in form of documentary credit and trust receipt loan were secured by the pledged bank deposits at 31 March 2025.

20 Cash and bank balances and other cash flow information

(a) Cash and bank balances comprise:

	2025 HK$'000	2024 HK$'000
Cash at bank and in hand	222,340	187,982

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Cash and bank balances and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank loan HK$'000	Lease liabilities HK$'000 (Note 23)	Total HK$'000
At 1 April 2023	–	40,110	40,110
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(64,451)	(64,451)
Interest element of lease rentals paid	–	(5,907)	(5,907)
Repayment of bank loan	(231)	–	(231)
Bank loan interest paid	(10)	–	(10)
	(241)	(70,358)	(70,599)
Exchange adjustments	–	(257)	(257)
Other changes:			
Increase in lease liabilities from entering into new/ renewed leases during the year	–	131,057	131,057
Acquisition of a subsidiary	1,183	357	1,540
Disposal of subsidiaries	–	(1,196)	(1,196)
Finance costs (note 6(c))	10	5,907	5,917
	1,193	136,125	137,318
At 31 March 2024 and 1 April 2024	952	105,620	106,572
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(61,173)	(61,173)
Interest element of lease rentals paid	–	(4,454)	(4,454)
Repayment of bank loan	(597)	–	(597)
Bank loan interest paid	(15)	–	(15)
	(612)	(65,627)	(66,239)
Exchange adjustments	–	31	31
Other changes:			
Increase in lease liabilities from entering into new/ renewed leases during the year	–	23,816	23,816
Finance costs (note 6(c))	15	4,454	4,469
	15	28,270	28,285
At 31 March 2025	355	68,294	68,649

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

20 Cash and bank balances and other cash flow information (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 HK$'000	2024 HK$'000
Within financing cash flows	**65,627**	70,358

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rentals paid	**65,627**	70,358

21 Trade and other payables, deposits received and accrued expenses

	2025 HK$'000	2024 HK$'000
Non-current liabilities		
Reinstatement provision	**1,202**	1,991
Current liabilities		
Trade payables	**1,056**	1,323
Other payables, deposits received and accrued expenses	**47,182**	50,498
Amount due to the ultimate controlling party	**2**	2
Amounts due to related companies	**38**	38
	48,278	51,861
	49,480	53,852

(Expressed in Hong Kong dollars unless otherwise indicated)

21 Trade and other payables, deposits received and accrued expenses (continued)

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

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

	2025 HK$'000	2024 HK$'000
Within 90 days	706	930
Over 90 days	350	393
	1,056	1,323

22 Deferred revenue

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

	2025 HK$'000	2024 HK$'000
Within 1 year	252,909	251,383

(b) Movement of deferred revenue:

	2025 HK$'000	2024 HK$'000
At the beginning of the year	251,383	242,762
Gross receipts from sales of prepaid beauty packages	417,425	433,531
Revenue recognised for provision of beauty and wellness services and expiry of prepaid beauty packages	(416,136)	(419,688)
Disposal of subsidiaries	–	(4,790)
Exchange differences	237	(432)
At the end of the year	252,909	251,383

The amount of revenue recognised for the year ended 31 March 2025 (2024: year ended 31 March 2024) that was included in deferred revenue as at 1 April 2024 was HK$251,383,000 (1 April 2023: HK$242,762,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

23 Lease liabilities

At 31 March 2025, the lease liabilities were repayable as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	**50,353**	55,725
After 1 year but within 2 years	**10,206**	43,465
After 2 years but within 5 years	**7,735**	6,430
	17,941	49,895
	68,294	105,620

24 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	**Share capital** HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
Balance at 1 April 2023	90,448	318,791	47,076	(354,619)	101,696
Loss and total comprehensive income for the year	–	–	–	(105)	(105)
Balance at 31 March 2024 and 1 April 2024	90,448	318,791	47,076	(354,724)	101,591
Loss and total comprehensive income for the year	–	–	–	(218)	(218)
Balance at 31 March 2025	90,448	318,791	47,076	(354,942)	101,373

(b) Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, reserves and dividends (continued)

(c) Share capital

Authorised and issued share capital

	2025 No. of shares	2025 Amount HK$'000	2024 No. of shares	2024 Amount HK$'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.

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve represents the aggregate of:

(a) Pursuant to the Group's reorganisation effected on 24 January 2006 (the "Reorganisation"), the Company acquired the share capital of Koladen Enterprises Inc. in consideration of allotment and issue of 539,999,925 shares to its corporate shareholders, Silver Compass Holdings Corp. and Silver Hendon Enterprises Corp. Under the merger basis of accounting, the difference between the nominal value of the shares of subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange amounting to approximately HK$53,982,000 was debited to the merger reserve of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(ii) Merger reserve (continued)

(b) Pursuant to the sale and purchase agreement dated 5 July 2011 ("SPA") entered into between BE Universal Limited ("BE Universal", a subsidiary of the Company) as purchaser and Dr. Tsang as vendor, BE Universal conditionally agreed to acquire the entire equity interest in Zegna Management Limited ("Zegna") together with its subsidiaries (collectively referred to as the "Zegna Group") from Dr. Tsang at a consideration of HK$250,000,000 which is to be satisfied by the issue of convertible note ("CN") at conversion price of HK$1.05 per share (hereinafter referred to as the "Business Combination").

On 30 September 2011, BE Universal and Dr. Tsang entered into a supplemental sale and purchase agreement ("Supplemental SPA") to amend and supplement certain terms of the SPA including (i) the businesses of two subsidiaries of Zegna, namely Modern Beauty Salon (S) Pte. Limited ("MBSS") and Splendid Overseas Pte. Limited ("Splendid") to be taken up by another newly set-up subsidiary; (ii) MBSS shall execute a deed of waiver in favour of Euro King Limited ("Euro King", a then subsidiary of Zegna) to discharge and release its obligations to settle any amounts due to MBSS as ascertained in a special audit up to a maximum amount of HK$70,000,000 (the "Waiver"); and (iii) the entire issued share capital of Euro King shall be transferred by Zegna to Dr. Tsang (or her nominee) at nil consideration, representing deemed partial consideration of the Business Combination; in fact that Euro King shall not form part of the Zegna Group in the Business Combination. Details of the SPA and Supplemental SPA relating to the Business Combination are set out in the announcement and circular of the Company dated 5 July 2011 and 30 September 2011 respectively.

The Business Combination was completed on 10 January 2012 when all the precedent conditions to the Business Combination were fulfilled and the issue of the CN has taken place.

The merge reserve arising from the acquisition of Zegna Group comprised of:

– A debit amount of approximately HK$71,488,000, representing the deemed partial consideration of the Business Combination, being the net assets value of Euro King after the Waiver disposed to Dr. Tsang at nil consideration, pursuant to the Supplemental SPA of the Business Combination; in fact that Euro King did not form part of the Zegna Group in the Business Combination.

– A credit balance of approximately HK$549,000, being the difference between the aggregate amount of nominal value of the shares of subsidiaries acquired by Zegna and the relevant consideration paid.

– A net debit amount of HK$248,332,000, being the difference between (i) the value of the CN amounting to HK$250,000,000 issued for the Business Combination; (ii) the nominal value of the share capital of Zegna; and (iii) the investment cost in the book of BE Universal.

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iii) Contributed surplus

The contributed surplus of the Company arose as a result of the Reorganisation and represented the excess of the fair value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefore.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(v) Property revaluation reserve

The property revaluation reserve has been set up to deal with the fair value changes arising from the Group's property, plant and equipment reclassified to investment properties.

(e) Distributability of reserves

At 31 March 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$10,925,000 (2024: HK$11,143,000). After the end of reporting period, the directors did not propose a final dividend (2024: nil per ordinary share) (note 24(b)).

(f) Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the shares registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Employee benefits

(a) Defined contribution retirement plans

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Details of the accounting policies adopted by the Group over the defined contribution retirements plans are disclosed under note 2(q)(ii).

(b) Long service payment liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 25(a)), with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date i.e. 1 May 2025. In November 2024, the Government approved the commitment for the implementation of a 25-year scheme to provide a subsidy for employers' costs in relation to the post-transition portion of the LSP.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Employee benefits (continued)

(b) Long service payment liabilities (continued)

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2(q)(iii).

The present value of unfunded obligations and its movements are as follows:

	2025 HK$'000	2024 HK$$'000
At 1 April	3,108	2,476
Actuarial gains arising from changes in financial assumptions	(1,804)	–
Expenses recognised in profit or loss:		
Current service cost	174	543
Interest cost	38	89
	212	632
At 31 March	1,516	3,108

The weighted average duration of the defined benefit obligation is 5 years (2024: 10 years).

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2025	2024
Discount rate	2.89%	3.47%
Future salary increases	2.02%	3.69%

The below analysis shows how the defined benefit obligation would have (decreased)/increased as a result of 0.25% change in the significant actuarial assumptions:

	2025		2024	
	Increase in 0.25% HK$'000	Decrease in 0.25% HK$'000	Increase in 0.25% HK$'000	Decrease in 0.25% HK$'000
Discount rate	(4)	4	(79)	84
Future salary increases	4	(2)	13	(4)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and trade deposits retained by banks/credit card companies. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risks on trade receivables and trade deposits retained by banks/credit card companies are limited because the counterparties are banks/financial institutions with high external credit ratings. In addition, the directors of the Group consider those not credit-impaired trade receivables were collectible based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. Therefore, loss allowance for expected credit loss was insignificant. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade receivables is set out in note 16.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash outflow				
	Less than 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 March 2025					
Trade and other payables, deposits received and accrued expenses	48,278	–	–	48,278	48,278
Lease liabilities	52,729	10,862	8,294	71,885	68,294
Bank loan	359	–	–	359	355
	101,366	10,862	8,294	120,522	116,927

	Contractual undiscounted cash outflow				
	Less than 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 March 2024					
Trade and other payables, deposits received and accrued expenses	51,861	–	–	51,861	51,861
Lease liabilities	59,661	44,804	6,653	111,118	105,620
Bank loan	613	357	–	970	952
	112,135	45,161	6,653	163,949	158,433

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Financial risk management and fair values of financial instruments (continued)

(c) Currency risk

The Group has no significant exposure to currency risk as substantially all the transactions of the Group's entities are denominated in their functional currency.

(d) Interest rate risks

At the end of the reporting period, the Group did not hold any assets or liabilities which are exposed to significant interest rate risk.

(e) Fair value measurement

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 March 2025 and 2024.

27 Commitments

Capital commitments

Capital commitments outstanding at 31 March 2025 not provided for in the financial statements were as follows:

	2025 HK$'000	2024 HK$'000
Contracted for	**1,503**	1,020

28 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, 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Material related party transactions and balances

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2025 HK$'000	2024 HK$'000
Short-term employee benefits	**21,990**	21,165
Post-employment benefits	**211**	235
	22,201	21,400

Total remuneration is included in "employee benefit expenses" (see note 6(a)).

(b) Material related party transactions

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

	Notes	**2025 HK$'000**	2024 HK$'000
Additions of right-of-use assets from related companies	(i)	**1,701**	90,582
Salaries and other benefits in kind paid to related parties:			
Related party A	(ii)	**1,830**	1,965
Related party B	(iii)	**3,207**	2,390
Related party C	(iv)	**744**	900
		5,781	5,255

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Material related party transactions and balances (continued)

(b) Material related party transactions (continued)

Notes:

(i) The amount represented the addition of right-of-use assets during the reporting period. The Company entered three-year rental agreements to 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.

Amounts due from related companies disclosed with reference to section 383(1) of the Hong Kong Companies Ordinance, are as follows:

	Balance at 31 March 2025 HK$'000	Maximum amount outstanding 2025 HK$'000	Balance at 31 March 2024 HK$'000	Maximum amount outstanding 2024 HK$'000
Grateful Heart Charitable Foundation Limited	**–**	–	–	40
Lucky Forever (S) Pte. Limited	**–**	–	–	175
Advanced Natural Australia PTY Ltd	**5**	5	5	5
	5	5	5	220

(Expressed in Hong Kong dollars unless otherwise indicated)

30 Company-level statement of financial position

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment in a subsidiary	15	**101,076**	101,076
Current assets			
Cash and bank balances		**789**	1,283
Current liabilities			
Amounts due to subsidiaries		**482**	758
Other payables and accrued expenses		**10**	10
		492	768
Net current assets		**297**	515
Net assets		**101,373**	101,591
CAPITAL AND RESERVES	24(a)		
Share capital		**90,448**	90,448
Reserves		**10,925**	11,143
TOTAL EQUITY		**101,373**	101,591

31 Accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following accounting estimates:

(i) Impairment of property, plant and equipment

The Group conducts impairment reviews of property, plant and equipment whenever events or changes in circumstances indicated that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Accounting estimates and judgements (continued)

(ii) Revenue

Revenue recognition on provision of services is dependent on the estimation of the utilisation pattern of treatments. Based on the Group's historical experience, the Group makes estimates of an expected amount of breakage. Actual utilisation may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future year.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the application of HKFRS 18 which is expected to affect the presentation and disclosure of the Group's consolidated financial statements in future.

33 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2025.

PROPERTIES HELD BY THE GROUP

Location	Category of the lease	Use
Unit 7, 8, 9, East Wing, Twenty-seventh Floor, Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories	Medium-term lease	Rented to a third party
Unit 10, 11, 12 and 15, East Wing, Twenty-seventh Floor, Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories	Medium-term lease	Rented to a third party
Unit 16, West Wing, Twenty-seventh Floor, Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories	Medium-term lease	Rented to a third party
Shop F (Including the lavatories thereof) on Lower Ground Level 1 of Commercial Accommodation in Phase III, Ocean Shores, 88 O King Road, Tseung Kwan O, Sai Kung, New Territories.	Medium-term lease	Spa and beauty treatment
BLK 186 Toa Payoh Central #01–436 Singapore 310186	Medium-term lease	Spa and beauty treatment and cafe

FIVE YEARS FINANCIAL SUMMARY

Consolidated Results

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**453,274**	454,706	406,327	355,591	431,451
(Loss)/profit before taxation	**(3,040)**	(9,588)	(18,287)	(66,662)	130,026
Income tax (expense)/credit	**(1,731)**	962	(1,839)	(2,042)	(6,095)
(Loss)/profit for the year	**(4,771)**	(8,626)	(20,126)	(68,704)	123,931

Consolidated Assets and Liabilities

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**198,393**	247,747	179,462	211,247	189,737
Total current assets	**366,066**	363,289	381,887	359,716	479,305
Total assets	**564,459**	611,036	561,349	570,963	669,042
Total non-current liabilities	**(20,970)**	(55,498)	(14,967)	(9,197)	(44,851)
Total current liabilities	**(352,290)**	(361,151)	(342,502)	(338,557)	(331,299)
Total liabilities	**(373,260)**	(416,649)	(357,469)	(347,754)	(376,150)
Net assets	**191,199**	194,387	203,880	223,209	292,892

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