

MEDIC SKIN

MEDICSKIN HOLDINGS LIMITED

密迪斯肌控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8307

INTERIM
REPORT

2023/
2024

中期報告



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*This report, for which the directors (the “**Directors**”) of Medicskin Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to report the unaudited interim financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 together with the unaudited comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2023

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	2	11,643	9,554	24,555	20,021
Other income, gains and losses	3	101	(456)	(66)	(499)
Inventories used		(2,409)	(1,713)	(4,827)	(3,666)
Staff costs		(6,183)	(5,493)	(12,511)	(10,420)
Depreciation of right-of-use assets		(1,820)	(1,822)	(3,641)	(3,643)
Depreciation of property, plant and equipment		(538)	(526)	(1,116)	(1,042)
Other expenses		(2,238)	(1,871)	(4,231)	(3,650)
Interest expenses		(151)	(205)	(308)	(432)
Loss before tax	4	(1,595)	(2,532)	(2,145)	(3,331)
Income tax expense	5	-	-	-	-
Loss for the period		(1,595)	(2,532)	(2,145)	(3,331)
Other comprehensive income for the period					
Item that may be classified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		2	11	22	18
		(1,593)	(2,521)	(2,123)	(3,313)

		Three months ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the period attributable to:					
Owners of the Company		(1,584)	(2,519)	(2,123)	(3,305)
Non-controlling interests		(11)	(13)	(22)	(26)
		(1,595)	(2,532)	(2,145)	(3,331)
Total comprehensive loss attributable to:					
Owners of the Company		(1,582)	(2,503)	(2,099)	(3,277)
Non-controlling interests		(11)	(18)	(24)	(36)
		(1,593)	(2,521)	(2,123)	(3,313)
Loss per share, basic (HK cent)	7	(0.40)	(0.63)	(0.54)	(0.83)
Loss per share, diluted (HK cent)	7	(0.40)	(0.63)	(0.54)	(0.83)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Non-current assets			
Right-of-use assets		9,204	11,789
Property, plant and equipment	8	4,996	5,315
Rental deposits		1,321	2,556
		15,521	19,660
Current assets			
Inventories		3,887	4,842
Financial assets at fair value through profit or loss ("FVTPL")	12	1,001	1,373
Trade receivables	9	345	625
Other receivables, deposits and prepayments		2,684	933
Tax recoverable		39	29
Pledged bank deposits		13,605	13,911
Bank balances and cash		3,351	5,000
		24,912	26,713
Current liabilities			
Provision for reinstatement costs		300	100
Lease liabilities		7,193	6,705
Contract liabilities		18,450	19,201
Trade payables	10	479	253
Other payables and accrued liabilities		2,259	3,032
		28,681	29,291
Net current liabilities		(3,769)	(2,578)
Total assets less current liabilities		11,752	17,082
Non-current liabilities			
Provision for reinstatement costs		500	700
Lease liabilities		2,215	5,222
		2,715	5,922
Net assets		9,037	11,160
Capital and reserves			
Share capital	11	3,967	3,967
Reserves		8,407	10,506
Equity attributable to owners of the Company		12,374	14,473
Non-controlling interests		(3,337)	(3,313)
Total equity		9,037	11,160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2023 (audited)	3,967	9,712	-	-	794	14,473	(3,313)	11,160
Loss for the period	-	-	-	-	(2,123)	(2,123)	(22)	(2,145)
Other comprehensive income (loss) for the period	-	-	-	24	-	24	(2)	22
Total comprehensive income (loss) for the period	-	-	-	24	(2,123)	(2,099)	(24)	(2,123)
At 30 September 2023 (unaudited)	3,967	9,712	-	24	(1,329)	12,374	(3,337)	9,037
At 1 April 2022 (audited)	3,967	9,712	733	(18)	3,037	17,431	(3,252)	14,179
Loss for the period	-	-	-	-	(3,305)	(3,305)	(26)	(3,331)
Other comprehensive income (loss) for the period	-	-	-	28	-	28	(10)	18
Total comprehensive income (loss) for the period	-	-	-	28	(3,305)	(3,277)	(36)	(3,313)
Transfer	-	-	(733)	-	733	-	-	-
At 30 September 2022 (unaudited)	3,967	9,712	-	10	465	14,154	(3,288)	10,866

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	2,831	862
NET CASH FROM OPERATING ACTIVITIES	2,831	862
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(621)	(750)
Placement of pledged bank deposits	(126)	(90)
Interest received	95	82
NET CASH USED IN INVESTING ACTIVITIES	(652)	(758)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(3,850)	(3,851)
NET CASH USED IN FINANCING ACTIVITIES	(3,850)	(3,851)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,671)	(3,747)
Effect of foreign exchange rate changes, net	22	(660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,000	14,158
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	3,351	9,751

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("**HKFRSs**"), the principal accounting policies used in the interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2023. The interim financial statements are unaudited, but have been reviewed by the audit committee (the "**Audit Committee**") of the Board.

The HKICPA has issued a number of new and amendments to HKFRSs. For those which are effective for accounting period beginning on 1 April 2023, the application of which in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. For those which are not yet effective, the Directors anticipate that the application of such new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

As at 30 September 2023, the Group had net current liabilities of HK\$3.8 million. The current liabilities arose mainly from contract liabilities of HK\$18.5 million, which represented services to be performed and shall not result in any cash outflows of the Company eventually. Taking into account this consideration, the Directors consider that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents revenue arising from the provision of medical consultation services ("**Medical Consultation Service**"), prescription and dispensing of medication and/or skincare products including sale of skincare products ("**Prescription and Dispensing Service**") and the provision of treatment services ("**Treatment Service**") during the period.

2. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Medical Consultation Service	589	496
Prescription and Dispensing Service	4,749	4,454
Treatment Service	19,217	15,071
	24,555	20,021

The Group's operating activities are attributable to a single operating segment focusing on Medical Consultation Service, Prescription and Dispensing Service and Treatment Service. This operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. Dr. Kong Kwok Leung ("Dr. Kong"), the executive Director and chief executive officer of the Company, has been identified as the chief operating decision maker ("CODM"). The CODM reviews the Group's revenue analysis by services and products in order to assess performance and allocate resources.

Other than revenue analysis, no operating results or other discrete financial information is available for the assessment of performance and allocation of resources. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, other than entity-wide information, no analysis of this single operating segment is presented.

Geographical information

All the Group's operations are located in Hong Kong. All of the Group's revenue from external customers, based on the location of the Group's operations, is from Hong Kong.

The geographical locations of the Group's non-current assets are mostly situated in Hong Kong based on physical location of assets.

Information about major customers

During each of the six months ended 30 September 2023 and 2022, there was no revenue from any customer who individually contributed over 10% of the total revenue of the Group.

3. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Government subsidies (Note)	–	829
Consultancy service income	269	103
Interest income on bank deposits	95	160
Interest income on rental deposits	68	65
Net foreign exchange (loss) gain	(465)	(1,492)
Loss on write-off of property, plant and equipment	–	(14)
Net fair value changes in financial assets at FVTPL	(58)	(171)
Gain on disposal of financial assets at FVTPL	25	–
Others	–	21
	(66)	(499)

Note: The government subsidies represents the Employment Support Scheme (“ESS”) from the Government of Hong Kong Special Administrative Region of the People’s Republic of China (the “Government”) to provide relief to the Group affected by COVID-19 pandemic. Under the ESS, the Group is required to undertake and warrant that the Group (i) would not implement redundancies during the subsidy period; and (ii) would spend all the wages subsidies on paying wages to the employees. These conditions had been satisfied during the period.

4. LOSS BEFORE TAX

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging:		
Cost of inventories recognised as an expense	4,827	3,666
Staff costs		
Directors’ emoluments	5,105	3,989
Other staff costs		
– salaries, allowance and other benefits	7,197	6,243
– contributions to retirement benefits schemes	209	188
	12,511	10,420

5. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Six months ended	
30 September	
2023	2022
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Income tax expense comprises of:

Hong Kong Profits Tax		
Current period	–	–

6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	(1,584)	(2,519)	(2,123)	(3,305)
	'000	'000	'000	'000
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	396,736	396,736	396,736	396,736
Effect of dilutive potential ordinary shares:				
Share options issued by the Company	N/A	–	N/A	–
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	396,736	396,736	396,736	396,736

For the three and six months ended 30 September 2022, the computation of diluted loss per share had not assume the exercise of the Company's share options since they were anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of HK\$797,000 (2022: HK\$750,000).

9. TRADE RECEIVABLES

The following is an aged analysis of trade receivables, net of allowance for expected credit loss, presented based on the trade dates for the receivables from the customers settling payments by credit cards and Easy Pay System and invoice dates for the receivables from the customers and medical card issuing companies at the end of the reporting period, which approximate the respective revenue recognition dates.

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
0-30 days	324	611
31-60 days	–	–
61-90 days	–	–
91-180 days	21	14
	<hr/>	<hr/>
Total	345	625

The Group's trade receivables were not past due nor impaired at the end of the reporting period and were due from debtors which do not have historical default of payments.

10. TRADE PAYABLES

The average credit period on purchase of goods is 30 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
0-30 days	479	253

11. SHARE CAPITAL

The share capital as at 30 September 2023 and 31 March 2023 represented the issued share capital of the Company as detailed below:

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2022, 31 March 2023 and 30 September 2023	1,000,000,000	10,000
Issued:		
As at 1 April 2022, 31 March 2023 and 30 September 2023	396,736,000	3,967

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30.9.2023 HK\$'000 (Unaudited)	31.3.2023 HK\$'000 (Audited)		
Financial assets at FVTPL – Listed equity investments	1,001	1,373	Level 1	Quoted bid prices in an active market

There were no transfers amongst Level 1, Level 2 and Level 3 in the reporting period.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

13. RELATED PARTY TRANSACTIONS

(a) Transactions

During the six months ended 30 September 2023 and 2022, the Group did not enter into any transactions with related parties.

(b) Outstanding balances

As at 30 September 2023 and 31 March 2023, the Group had no outstanding balance with related parties.

(c) Compensation of key management personnel

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	5,322	4,145
Post-employment benefits	27	33
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	5,349	4,178
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The remuneration of Directors and key executives is determined having regard to the performance of the individuals.

14. EVENTS AFTER THE REPORTING PERIOD

There was no significant event occurred after the reporting period.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical skin care service provider in Hong Kong. Currently, the Group operates two “Medicskin” branded medical skin care centres at prime locations in Hong Kong, which primarily focus on the treatment of skin diseases and problems and/or the improvement of appearance of clients.

The Group provides services to clients for the treatment of, inter alia, skin diseases and problems such as acne, pigmentation, rosacea, dermatitis, eczema and warts, as well as for the improvement of appearance through, inter alia, skin rejuvenation, facial sculpturing and body contouring treatments, treatments of acne scars and enlarged pores, removal of undesirable naevi, and hair removal. Most of the clients are long standing customers and have been with the Group for more than five years. These are achieved through the provision of:

- (i) *Medical Consultation Service* – performance of medical examination and making a diagnosis of skin conditions of clients through private consultations and making recommendations on the use of skincare products and/or treatment service based on clients’ specific needs, requirements and skin conditions;
- (ii) *Prescription and Dispensing Service* – prescription and dispensing of pharmaceutical products, medicines and/or skincare products to clients; and
- (iii) *Treatment Service* – provision of non-invasive/minimally invasive treatment service for clients, which typically involves the injection of Botulinum Toxin Type A and hyaluronic acid, cauterisation, thread lifting and treatments with the use of devices deploying technologies such as laser, radiofrequency and intense focused ultrasound.

During the last financial period, the Group’s business was still impacted by the COVID-19 pandemic. The large-scale outbreak of the fifth wave of the pandemic had led to the imposition of the strictest social distancing measures by the Government and slowed down the local economic activities in Hong Kong. Following the subsequent lifting of all COVID-related restrictions and reopening of Mainland China borders with Hong Kong during the current period, the economy of Hong Kong was gradually recovering. Nevertheless, the threat of increasing interest rates and high inflation combined with recession fears weakened consumer sentiment and the Group continued to face intense competition in the industry and rising operating costs.

As a result of improvement in local consumer sentiment in 2023, the revenue of the Group for the six months ended 30 September 2023 increased by HK\$4.5 million, or 22.6%, to HK\$24.6 million, when compared to the six months ended 30 September 2022. The revenue of Medical Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to HK\$0.6 million, HK\$4.8 million and HK\$19.2 million, which accounted for 2.4%, 19.3%, and 78.3% of the total revenue of the Group respectively.

The Group recorded a loss attributable to owners of the Company of HK\$2.1 million for the six months ended 30 September 2023, representing a decrease of HK\$1.2 million, or 35.8%, from that of HK\$3.3 million for the six months ended 30 September 2022. The decrease in loss was mainly attributable to net effect of (i) the increase in revenue of the Group for the six months ended 30 September 2023 as compared to the same period of last year of HK\$4.5 million; and (ii) the increase in operating costs including, inventory costs, staff costs and other expenses of HK\$3.8 million in aggregate. Basic loss per share for the period was HK0.54 cent, representing a decrease of 34.9% from that of HK0.83 cent for the corresponding period of last year.

OUTLOOK

The Group will continue to keep abreast of the latest industry knowledge in order to offer the most suitable and updated services to its clients. The Group continuously performs market research on the development of, and evaluates the effects of the latest products, skills and treatment devices and technology in the market. The Directors believe that the introduction of new types of services and products is one of the driving forces for the growth of the Group's business and is a significant way to maintain the Group's competitiveness and its forefront position in the industry.

Looking forward, although the global economy remains gloomy and uncertain, following the lifting of all COVID-related restrictions and reopening of Mainland China borders with Hong Kong, it is expected that a rebound in the number of Mainland Chinese tourists, improvement in the local consumer sentiment, and the social and economic activities will fully resume to normal and the Group's sales will be benefited from these favourable factors. We are still prudently optimistic about the Group's performance in the future. Leveraging an established customer base and renowned reputation in the industry, the Group will continue to use its best endeavours to provide the highest quality medical skin care services and products to its clients, strengthen its market position and identify new business opportunities so as to grow its brand and business and to maximise returns for its investors.



FINANCIAL REVIEW

Revenue

The Group's revenue increased by HK\$4.5 million, or 22.6%, from HK\$20.0 million for the six months ended 30 September 2022 to HK\$24.6 million for the six months ended 30 September 2023. The increase was primarily attributable to the improvement in local customer sentiment in 2023 following the lifting of all COVID-related restrictions and reopening of Mainland China borders with Hong Kong.

Other income, gains and losses

Net losses decreased by HK\$433,000, or 86.8%, from HK\$499,000 for the six months ended 30 September 2022 to HK\$66,000 for the six months ended 30 September 2023. The decrease was primarily attributable to the net effect of (i) the absence of subsidies received from the Government of HK\$0.8 million during the six months ended 30 September 2023; and (ii) the decrease in unrealised exchange loss arising from translation of bank deposits denominated in Renminbi of HK\$1.0 million.

Inventories used

The Group's cost of inventories used was HK\$4.8 million and HK\$3.7 million for the six months ended 30 September 2023 and 2022 respectively, representing 19.7% and 18.3% of the revenue for the respective periods.

Staff costs

Staff costs increased by HK\$2.1 million, or 20.1%, from HK\$10.4 million for the six months ended 30 September 2022 to HK\$12.5 million for the six months ended 30 September 2023. The increase was primarily attributable to the increase in salaries and allowance paid to staff and performance related incentive payments paid to medical practitioners due to increase in revenue.

Depreciation of right-of-use assets

Depreciation of right-of-use assets remained stable at HK\$3.6 million for the six months ended 30 September 2023 and 2022 respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained stable at HK\$1.1 million and HK\$1.0 million for the six months ended 30 September 2023 and 2022 respectively.

Other expenses

Other expenses increased by HK\$0.6 million, or 15.9%, from HK\$3.7 million for the six months ended 30 September 2022 to HK\$4.2 million for the six months ended 30 September 2023. The increase was in line with the increase in revenue.

Income tax expense

No provision for Hong Kong profits tax had been made for the six months ended 30 September 2023 and 2022 as the Group had no estimated assessable profit for both periods.

Loss for the period

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of HK\$2.1 million for the six months ended 30 September 2023 representing a decrease of 35.8% from that of HK\$3.3 million for the corresponding period of last year.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group only comprises ordinary shares.

The total equity of the Group as at 30 September 2023 was HK\$9.0 million (31 March 2023: HK\$11.2 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of HK\$3.4 million as at 30 September 2023 (31 March 2023: HK\$5.0 million), with no external borrowing (31 March 2023: Nil). As at 30 September 2023, the Group had net current liabilities of HK\$3.8 million (31 March 2023: HK\$2.6 million).



Gearing ratio is calculated based on the total debt (of which debt represents interest-bearing borrowings) divided by the total equity as at the end of the reporting period. As at 30 September 2023 and 31 March 2023, the Group had no interest-bearing borrowings and hence the gearing ratio was nil.

Cash generated from operations for the six months ended 30 September 2023 was HK\$2.8 million (six months ended 30 September 2022: HK\$0.9 million). Taking into account the amount of funds expected to be generated internally, the Group will have sufficient financial resources to fund its future plans and to meet its working capital requirement. As at 30 September 2023, the Group had unused banking facilities of HK\$18.0 million (31 March 2023: HK\$18.0 million) under the Small and Medium Enterprises Financing Guarantee Scheme (“**SFGS**”) operated by Hong Kong Mortgage Corporation Insurance Limited (“**HKMCI**”), which is guaranteed by personal guarantee of Dr. Kong, a controlling shareholder of the Company, and HK\$14.4 million of the banking facilities is also guaranteed by HKMCI.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in Note 12 to the interim financial statements of the Group, during the six months ended 30 September 2023, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2023, the Group did not have any plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2023.

COMMITMENTS

As at 30 September 2023, the Group had capital commitments in respect of capital contribution to subsidiaries of HK\$0.5 million (31 March 2023: HK\$0.5 million).

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2023, time deposits amounted to HK\$13.6 million (31 March 2023: HK\$13.9 million) were pledged to banks for card settlement services and banking facilities of HK\$18.0 million under SFGS operated by HKMCI.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group carries out its business in Hong Kong and most of its transactions are denominated in Hong Kong dollars. However, the Group is exposed to foreign currency risk related primarily to pledged bank deposits and bank balances that are denominated in a currency other than the functional currency of the operation to which they relate. The currency giving rise to this risk is primarily Renminbi (RMB). The Group does not hold any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The management continually assesses and monitors the foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 28 full-time and 16 part-time employees (31 March 2023: 28 full-time and 15 part-time employees). The staff costs, including Directors' emoluments, of the Group were HK\$12.5 million for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$10.4 million). Remuneration is determined with reference to factors such as comparable market salaries and the performance, time commitment and responsibilities of each individual. Employees are provided with relevant in-house and/or external trainings from time to time. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. The Group has adopted a share option scheme (the "**Share Option Scheme**") on 3 December 2014 under which the Company may grant share options to eligible employees for subscribing shares of the Company.

DISCLOSURE OF INTERESTS

(A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position

(a) *Ordinary shares of the Company*

Name of Director	Capacity/ Nature of interest	Number of shares	Percentage of issued share capital
Dr. Kong (Note)	Interest in a controlled corporation	274,865,400	69.28%

Note: The 274,865,400 shares of the Company are registered in the name of Topline Worldwide Limited ("**Topline**"), which is wholly-owned by Dr. Kong. Under the SFO, Dr. Kong is deemed to be interested in all the shares of the Company registered in the name of Topline.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(B) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, the following person (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in the ordinary shares of the Company

Name	Capacity/ Nature of interest	Number of shares	Percentage of issued share capital
Topline (Note)	Beneficial owner	274,865,400	69.28%

Note: The entire issued share capital of Topline is beneficially owned by Dr. Kong. Therefore, Dr. Kong is deemed to be interested in all the shares of the Company held by Topline.

Save as disclosed above, as at 30 September 2023, no other interests or short positions in the shares, underlying shares or debentures of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.



COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders nor any of their respective close associates (as defined under the GEM Listing Rules) that competes or may compete, either directly or indirectly, with the business of the Group, or of any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2023.

CORPORATE GOVERNANCE CODE

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and, save as disclosed below, the Board is satisfied that the Company had complied with and is not aware of any deviations from the CG Code during the six months ended 30 September 2023.

In accordance with provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual and their respective responsibilities should be clearly defined in writing. Dr. Kong is the chairman of the Board and the chief executive officer of the Company who is primarily responsible for providing leadership to the Board, overseeing the overall operation of the Group and leading and directing the Group’s overall business and development strategies. Dr. Kong also chairs the Board and nomination committee (the “**Nomination Committee**”) meetings and briefs the Board members and Nomination Committee members on the issues arising at the respective meetings to ensure that Directors and committee members receive adequate information in a timely manner which is accurate, clear, complete and reliable. He encourages all Directors to make full and active contribution to the Board’s affairs and takes the lead to ensure that it acts in the Company’s best interest. He aims to ensure constructive relations between executive and non-executive Directors. Being aware of the said deviation from code provision C.2.1, the Board believes that with the support of the management, vesting the roles of both chairman of the Board and the chief executive officer of the Company in Dr. Kong, the founder of the Group, can facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. In addition, the Board is also supervised by three independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company’s business strategies and operation. The Directors will meet regularly to consider major matters affecting the operations of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry with all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the six months ended 30 September 2023.

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

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 3 December 2014 to provide incentive and/or to reward eligible persons for their contribution to, and continuing efforts to promote the interest of, the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

During the six months ended 30 September 2023, there was no share option granted, exercised, lapsed or cancelled. As at 30 September 2023, there was no outstanding share option under the Share Option Scheme.



AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Chan Cheong Tat, Mr. Leung Siu Cheung and Mr. Lui Sze On. Mr. Chan Cheong Tat is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2023 and this report and is of the view that the interim financial statements of the Group for the six months ended 30 September 2023 have complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure have been made.

By order of the Board
Medicskin Holdings Limited
Dr. Kong Kwok Leung
Chairman and Executive Director

Hong Kong, 13 November 2023

As at the date of this report, the executive Directors are Dr. Kong Kwok Leung, Ms. Tsui Kan, Ms. Kong Chung Wai and Ms. Sin Chui Pik Christine, and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Leung Siu Cheung and Mr. Lui Sze On.