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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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Medicskin Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Interim Results**”) together with the comparative unaudited figures for the corresponding period of last year. This announcement, containing the full text of the 2024/25 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of the Interim Results.

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.medicskinholdings.com). The printed version of the Company’s 2024/25 interim report will be despatched to the shareholders of the Company who requested printed copy and be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 21 November 2024

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company’s website at www.medicsskinholdings.com.

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 of Hong Kong Limited (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 2024 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 six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	2	22,334	24,555
Other income, gains and losses	3	634	(66)
Inventories used		(3,985)	(4,827)
Staff costs		(12,188)	(12,511)
Depreciation of right-of-use assets		(3,644)	(3,641)
Depreciation of property, plant and equipment		(971)	(1,116)
Other expenses		(3,927)	(4,231)
Interest expenses		(291)	(308)
<hr/>			
Loss before tax	4	(2,038)	(2,145)
Income tax expense	5	–	–
<hr/>			
Loss for the period		(2,038)	(2,145)
<hr/>			
Other comprehensive (loss) income for the period			
<i>Item that may be classified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(10)	22
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		(2,048)	(2,123)
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		Six months ended	
		30 September	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(2,033)	(2,123)
Non-controlling interests		(5)	(22)
		(2,038)	(2,145)
Total comprehensive loss attributable to:			
Owners of the Company		(2,043)	(2,099)
Non-controlling interests		(5)	(24)
		(2,048)	(2,123)
Loss per share, basic (HK cent)	7	(0.51)	(0.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Non-current assets			
Right-of-use assets		8,952	5,562
Property, plant and equipment	8	4,263	4,716
Rental deposits		1,229	–
Deferred tax assets		133	133
		14,577	10,411
Current assets			
Inventories		4,799	4,315
Trade receivables	9	204	539
Other receivables, deposits and prepayments		2,197	3,937
Tax recoverable		–	39
Pledged bank deposits		14,257	13,892
Bank balances and cash		12,938	6,927
		34,395	29,649
Current liabilities			
Provision for reinstatement costs		500	800
Lease liabilities		4,357	5,757
Contract liabilities		20,331	20,998
Trade payables	10	797	1,245
Other payables and accrued liabilities		2,474	2,940
Tax payable		2	–
Bank borrowings		9,000	–
		37,461	31,740
Net current liabilities		(3,066)	(2,091)
Total assets less current liabilities		11,511	8,320
Non-current liabilities			
Long service payment (“LSP”) obligations		799	739
Provision for reinstatement costs		700	–
Lease liabilities		4,479	–
		5,978	739
Net assets		5,533	7,581
Capital and reserves			
Share capital	11	3,967	3,967
Reserves		4,940	6,983
Equity attributable to owners of the Company		8,907	10,950
Non-controlling interests		(3,374)	(3,369)
Total equity		5,533	7,581

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	(Accumulated losses) retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2024 (audited)	3,967	9,712	20	(2,749)	10,950	(3,369)	7,581
Loss for the period	-	-	-	(2,033)	(2,033)	(5)	(2,038)
Other comprehensive loss for the period	-	-	(10)	-	(10)	-	(10)
Total comprehensive loss for the period	-	-	(10)	(2,033)	(2,043)	(5)	(2,048)
At 30 September 2024 (unaudited)	3,967	9,712	10	(4,782)	8,907	(3,374)	5,533
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	1,092	2,831
Interest paid	(151)	–
Income tax refunded	41	–
NET CASH FROM OPERATING ACTIVITIES	982	2,831
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(137)	(621)
Placement of pledged bank deposits	(200)	(126)
Interest received	238	95
NET CASH USED IN INVESTING ACTIVITIES	(99)	(652)
FINANCING ACTIVITIES		
New bank borrowings raised	9,000	–
Repayments of lease liabilities	(3,715)	(3,850)
Interest paid	(151)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	5,134	(3,850)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Effect of foreign exchange rate changes, net	(6)	22
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,927	5,000
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	12,938	3,351

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 2024. 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 2024, 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 2024, the Group had net current liabilities of HK\$3.1 million. The current liabilities arose mainly from contract liabilities of HK\$20.3 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Medical Consultation Service	535	589
Prescription and Dispensing Service	4,112	4,749
Treatment Service	17,687	19,217
	<hr/>	<hr/>
	22,334	24,555

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 2024 and 2023, 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	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Consultancy service income	167	269
Interest income on bank deposits	238	95
Interest income on rental deposits	72	68
Net foreign exchange gain (loss)	176	(465)
Loss on write-off of property, plant and equipment	(19)	–
Net fair value changes in financial assets at fair value through profit or loss (“FVTPL”)	–	(58)
Gain on disposal of financial assets at FVTPL	–	25
	634	(66)

4. LOSS BEFORE TAX

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging:		
Cost of inventories recognised as an expense	3,985	4,827
Expenses related to short-term leases (included in other expenses)	14	24
Staff costs		
Directors' emoluments	5,000	5,105
Other staff costs		
– salaries, allowance and other benefits	6,910	7,197
– contributions to retirement benefits schemes	218	209
– expense arising from LSP obligations	60	–
	12,188	12,511

5. INCOME TAX EXPENSE

Six months ended	
30 September	
2024	2023
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Income tax expense comprises of:

Hong Kong Profits Tax
Current period

– –

No provision for Hong Kong profits tax has been made as the Group had no assessable profits during the period (2023: Nil).

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

7. LOSS PER SHARE

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

Six months ended	
30 September	
2024	2023
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Loss for the period attributable to owners of the Company for the purpose
of calculating basic loss per share

(2,033) (2,123)

'000 '000

Number of shares:

Weighted average number of ordinary shares for the purpose of calculating
basic loss per share

396,736 396,736

No diluted loss per share is presented as there were no dilutive potential ordinary shares during both periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of HK\$137,000 (2023: HK\$797,000).

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 digital payment methods at the end of the reporting period, which approximate the respective revenue recognition dates.

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
0-30 days	201	508
31-60 days	–	31
61-90 days	3	–
Total	204	539

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 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
0-30 days	797	1,245

11. SHARE CAPITAL

The share capital as at 30 September 2024 and 31 March 2024 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 2023, 31 March 2024 and 30 September 2024	1,000,000,000	10,000
Issued:		
As at 1 April 2023, 31 March 2024 and 30 September 2024	396,736,000	3,967

12. RELATED PARTY TRANSACTIONS

(a) Transactions

During the six months ended 30 September 2024 and 2023, the Group did not enter into any transactions with related parties.

(b) Outstanding balances

As at 30 September 2024 and 31 March 2024, the Group had no outstanding balance with related parties.

(c) Compensation of key management personnel

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	5,270	5,322
Post-employment benefits	27	27
	5,297	5,349

The remuneration of Directors and key executives is determined having regard to the performance of the individuals.

13. 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 and one “facematter” branded medical aesthetics centre 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.



The slowdown in the Chinese economy, coupled with high interest rates and a sluggish local property and stock market, has significantly dampened business confidence. Additionally, the growing preference among the local population for travelling overseas and spending in the Greater Bay Area, combined with the slower-than-expected recovery in visitor numbers, has further contributed to the decline in confidence. We have observed that customers are being more cautious about spending and consumer sentiment has weakened, both of which have had a detrimental impact on our industry. Besides, we continue to face intense competition within the sector.

However, we remain steadfast in our commitment to maintaining the standard and competitiveness of our services and products in the industry. During the period under review, the Group diligently procured evidence-based and effective medical skin care treatment devices and products to ensure its services offerings are reliable and capable of delivering satisfactory outcomes and results for our clients. Our unwavering commitment to sourcing the world's top evidence-based treatments remains a priority. By consistently introducing these cutting-edge solutions to our customers, we aim to uphold our reputation as a top-tier service provider in the industry. To effectively manage the challenges we are facing, we have implemented cost-saving measures and strengthened operational efficiency to improve the performance of the Group.

The revenue of the Group for the six months ended 30 September 2024 decreased by HK\$2.2 million, or 9.0%, to HK\$22.3 million, as compared to that of HK\$24.6 million for the six months ended 30 September 2023. The revenue of Medical Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to HK\$0.5 million, HK\$4.1 million and HK\$17.7 million, which accounted for 2.4%, 18.4%, and 79.2% of the total revenue of the Group respectively.

The Group recorded a loss attributable to owners of the Company of HK\$2.0 million for the six months ended 30 September 2024, representing a decrease of HK\$0.1 million, or 4.2%, from that of HK\$2.1 million for the six months ended 30 September 2023. The decrease in loss was mainly attributable to the net effect of (i) the increase in an unrealised exchange gain arising from translation of bank deposits denominated in Renminbi (“**RMB**”) of HK\$0.2 million, while an unrealised exchange loss of HK\$0.5 million was recorded in the corresponding period of last year; (ii) the decrease in operating costs of HK\$1.6 million in aggregate; and (iii) the decline in revenue by HK\$2.2 million. Basic loss per share for the period was HK0.51 cent, representing a decrease of 5.6% from that of HK0.54 cent for the corresponding period of last year.

OUTLOOK

Looking ahead, our business operations are expected to continue facing headwinds from the unfavourable economic climate. Our management has carefully deliberated on the appropriate strategies to navigate the future changes and challenges. We will remain vigilant and adaptive, actively monitoring the evolving market conditions and implementing timely adjustments to our approach. Leveraging on an established customer base and renowned reputation in the industry, the Group will continue to use its best endeavours to provide medical skin care services and products of the highest quality 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 decreased by HK\$2.2 million, or 9.0%, from HK\$24.6 million for the six months ended 30 September 2023 to HK\$22.3 million for the six months ended 30 September 2024. The decrease was primarily attributable to a reduction in the number of clients served by the Group and a decline in client visits, driven by weakening business confidence, a more cautious consumer spending behaviour, and intense industry competition.

Other income, gains and losses

Net other income and gains of HK\$0.6 million (2023: net losses of HK\$66,000) was recorded for the six months ended 30 September 2024. The net other income and gains was primarily attributable to the increase in unrealised exchange gain arising from translation of bank deposits denominated in Renminbi of HK\$0.2 million, while an unrealised exchange loss of HK\$0.5 million was recorded in the corresponding period of last year.

Inventories used

The Group's cost of inventories used was HK\$4.0 million and HK\$4.8 million for the six months ended 30 September 2024 and 2023 respectively, representing 17.8% and 19.7% of the Group's revenue for the respective periods.

Staff costs

Staff costs decreased by HK\$0.3 million, or 2.6%, from HK\$12.5 million for the six months ended 30 September 2023 to HK\$12.2 million for the six months ended 30 September 2024. The decrease was primarily attributable to the decrease in salaries and allowance and performance related incentive payments paid to medical practitioners due to the decline 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 2024 and 2023 respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained stable at HK\$1.0 million and HK\$1.1 million for the six months ended 30 September 2024 and 2023 respectively.

Other expenses

Other expenses decreased by HK\$0.3 million, or 7.2%, from HK\$4.2 million for the six months ended 30 September 2023 to HK\$3.9 million for the six months ended 30 September 2024. The decrease was in line with the decline in revenue.

Income tax expense

No provision for Hong Kong profits tax had been made for the six months ended 30 September 2024 and 2023 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\$2.0 million for the six months ended 30 September 2024, representing a decrease of HK\$0.1 million, or 4.2%, from that of HK\$2.1 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 2024 (for the six months ended 30 September 2023: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital structure of the Group comprises ordinary shares and bank borrowings.

The total equity of the Group as at 30 September 2024 was HK\$5.5 million (31 March 2024: HK\$7.6 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of HK\$12.9 million as at 30 September 2024 (31 March 2024: HK\$6.9 million), among which over 99% (31 March 2024: 96%) was held in Hong Kong dollars, and external borrowings of HK\$9.0 million (31 March 2024: Nil). As at 30 September 2024, the Group had also pledged bank deposits of HK\$14.3 million (31 March 2024: HK\$13.9 million), among which 51% (31 March 2024: 50%) was held in Hong Kong dollars and 49% (31 March 2024: 50%) was held in RMB, for the purpose of the Group's merchant services and banking facilities. As at 30 September 2024, the Group had net current liabilities of HK\$3.1 million (31 March 2024: HK\$2.1 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 2024, the Group had gearing ratio of 162.7% (31 March 2024: Nil).

Cash generated from operations for the six months ended 30 September 2024 was HK\$1.1 million (six months ended 30 September 2023: HK\$2.8 million). Taking into account the amount of funds expected to be generated internally and the available bank borrowings and banking facilities, the Group will have sufficient financial resources to fund its future plans and to meet its working capital requirement. As at 30 September 2024, the Group had bank borrowings and unused banking facilities of HK\$9.0 million and HK\$18.0 million (31 March 2024: Nil and HK\$18.0 million) respectively under the Small and Medium Enterprises Financing Guarantee Scheme ("SFSG") operated by Hong Kong Mortgage Corporation Insurance Limited ("HKMCI"). Both are guaranteed by personal guarantee of Dr. Kong, a controlling shareholder of the Company, and the HK\$9.0 million bank borrowings and HK\$14.4 million of the banking facilities are also guaranteed by HKMCI.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 September 2024, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2024, the Group did not have any plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2024.

COMMITMENTS

As at 30 September 2024, the Group had capital commitments in respect of capital contribution to subsidiaries of HK\$0.4 million (31 March 2024: HK\$0.4 million).

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2024, time deposits amounted to HK\$10.5 million and 3.8 million (31 March 2024: HK\$10.1 million and HK\$3.8 million) were pledged to banks for merchant services and banking facilities of HK\$18.0 million respectively.

CONTINGENT LIABILITIES

As at 30 September 2024, 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 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 2024, the Group employed a total of 29 full-time and 14 part-time employees (31 March 2024: 29 full-time and 14 part-time employees). The staff costs, including Directors' emoluments, of the Group were HK\$12.2 million for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$12.5 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 new share option scheme (the "**New Share Option Scheme**") on 27 September 2024 under which the Company may grant share options to eligible employees for subscribing shares of the Company. Please refer to the section headed "Share Option Scheme" in this report for further details.

DISCLOSURE OF INTERESTS

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

As at 30 September 2024, 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 (<i>Note</i>)	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 2024, 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 2024, 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 <i>(Note)</i>	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 pursuant to the SFO.

Save as disclosed above, as at 30 September 2024, 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 2024.

CORPORATE GOVERNANCE CODE

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules as its own code of corporate governance and, save for the deviation from code provision C.2.1 as described 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 2024.

In accordance with code 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 the 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 of 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 2024.

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 September 2024, the Company did not hold any treasury shares.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 3 December 2014 (the "**Old Share Option Scheme**") for a period of 10 years from the date of its adoption. The Old Share Option Scheme should expire on 3 December 2024. As at 31 March 2024, there was no outstanding share option under the Old Share Option Scheme. The Old Share Option Scheme was terminated by the shareholders of the Company at the annual general meeting of the Company held on 27 September 2024 ("**2024 AGM**"). No further options shall be granted under the Old Share Option Scheme.

At the 2024 AGM, the shareholders of the Company approved the adoption of the New Share Option Scheme to attract and retain the best available personnel of the Group; to provide additional incentive to the eligible participants; to promote the success of the business of the Group; to give the eligible participants an opportunity to have a personal stake in the Company which will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of the Group. The New Share Option Scheme was adopted on 27 September 2024, being the date on which the New Share Option Scheme becomes unconditional. The New Share Option Scheme is valid and effective for a period of 10 years commencing from 27 September 2024. The principal terms of the New Share Option Scheme were summarised in the circular of the Company dated 26 July 2024. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

During the six months ended 30 September 2024, there was no share option granted, exercised, vested, lapsed or cancelled. As at 30 September 2024, there was no outstanding share option under the New Share Option Scheme. As at 1 April 2024, the number of options available for grant under the Old Share Option Scheme was 34,000,000. As at 30 September 2024, the number of options available for grant under the scheme mandate limit and the service provider sublimit of the New Share Option Scheme was 39,673,600 and 7,934,720 respectively. The total number of shares that may be issued in respect of share options granted under all schemes of the Company during the six months ended 30 September 2024 divided by the weighted average number of shares in issue for the six months ended 30 September 2024 was nil.

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 2024 and this report and is of the view that the interim financial statements of the Group for the six months ended 30 September 2024 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, 21 November 2024

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.