



# THIRD QUARTERLY REPORT

2021/2022

**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

## CHARACTERISTICS OF 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 December 2021 together with the comparative unaudited figures for the corresponding period of last year as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2021

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	2	13,543	11,729	40,161	32,573
Other income, gains and losses	3	422	1,087	830	4,270
Inventories used		(2,140)	(1,924)	(6,238)	(5,329)
Staff costs		(5,746)	(4,865)	(17,337)	(14,194)
Depreciation of right-of-use assets		(1,893)	(1,904)	(5,693)	(5,722)
Depreciation of property, plant and equipment		(535)	(509)	(1,641)	(1,700)
Other expenses		(2,069)	(1,985)	(6,450)	(5,753)
Interest expenses on lease liabilities		(109)	(111)	(257)	(395)
Profit before tax		1,473	1,518	3,375	3,750
Income tax expense	4	-	-	(2)	-
Profit for the period		1,473	1,518	3,373	3,750
Other comprehensive income (loss) for the period					
Item that may be classified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		3	31	(38)	64
		1,476	1,549	3,335	3,814
Profit for the period attributable to:					
Owners of the Company		1,462	1,426	3,217	3,262
Non-controlling interests		11	92	156	488
		1,473	1,518	3,373	3,750
Total comprehensive income for the period attributable to:					
Owners of the Company		1,462	1,438	3,201	3,288
Non-controlling interests		14	111	134	526
		1,476	1,549	3,335	3,814
Earnings per share, basic (HK cent)	6	0.37	0.35	0.81	0.76
Earnings per share, diluted (HK cent)	6	0.37	0.35	0.81	0.76

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	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	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2021 (audited)	3,967	19,630	733	-	(885)	23,445	(3,454)	19,991
Profit for the period	-	-	-	-	3,217	3,217	156	3,373
Other comprehensive loss for the period	-	-	-	(16)	-	(16)	(22)	(38)
Total comprehensive (loss) income for the period	-	-	-	(16)	3,217	3,201	134	3,335
Dividend recognised as distribution (Note 5)	-	(9,918)	-	-	-	(9,918)	-	(9,918)
At 31 December 2021 (unaudited)	3,967	9,712	733	(16)	2,332	16,728	(3,320)	13,408
At 1 April 2020 (audited)	4,857	31,781	707	(19)	(1,838)	35,488	(5,087)	30,401
Profit for the period	-	-	-	-	3,262	3,262	488	3,750
Other comprehensive income for the period	-	-	-	26	-	26	38	64
Total comprehensive income for the period	-	-	-	26	3,262	3,288	526	3,814
Recognition of equity-settled share-based payments	-	-	26	-	-	26	-	26
Repurchases of shares	(840)	(10,950)	-	-	-	(11,790)	-	(11,790)
Disposal of a subsidiary	-	-	-	-	-	-	1,186	1,186
At 31 December 2020 (unaudited)	4,017	20,831	733	7	1,424	27,012	(3,375)	23,637

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 HKFRSs, the principal accounting policies used in the condensed consolidated financial statements for the nine months ended 31 December 2021 are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2021. The condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

The HKICPA has issued a number of new and amendments to HKFRSs. For those which are effective for accounting period beginning on 1 April 2021, 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 disclosure 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.

## 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.

### Disaggregation of revenue from contracts with customers:

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Medical Consultation Service	306	303	935	877
Prescription and Dispensing Service	2,819	2,757	7,757	7,626
Treatment Service	10,418	8,669	31,469	24,070
	<b>13,543</b>	11,729	<b>40,161</b>	32,573

## 2. REVENUE AND SEGMENT INFORMATION (Continued)

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 Director and chief executive officer of the Company, has been identified as the Group's chief operating decision maker ("CODM"). The CODM reviews the Group's revenue analysis by services and products in order to assess performance and allocation of 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

Almost all the Group's operations are located in Hong Kong. Nearly 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 nine months ended 31 December 2021 and 2020, none of the Group's customer individually contributed over 10% of the total revenue of the Group.

### 3. OTHER INCOME, GAINS AND LOSSES

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income on bank deposits	91	71	219	497
Interest income on rental deposits	34	36	107	106
Net foreign exchange gain	229	304	432	508
Net fair value changes in financial assets at fair value through profit or loss	28	–	28	–
Loss on write-off of property, plant and equipment	(3)	(7)	(3)	(14)
Government subsidies ( <i>Note</i> )	–	685	–	2,285
Gain on disposal of a subsidiary	–	–	–	687
Gain on disposal of property, plant and equipment	–	–	–	200
Others	43	(2)	47	1
	<b>422</b>	1,087	<b>830</b>	4,270

*Note:* The government subsidies include both the Anti-epidemic Fund and Employment Support Scheme (“**ESS**”) from the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (the “**Government**”) to provide relief to the Group affected by coronavirus disease 2019 (“**COVID-19**”). Under the ESS, the Group was 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 were satisfied during the period.

#### 4. INCOME TAX EXPENSE

Under the two tiered profits tax rates regime in Hong Kong, the first HK\$2.0 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2.0 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 estimate assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Three months ended		Nine months ended	
31 December		31 December	
2021	2020	2021	2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

Income tax expense comprises of:

Hong Kong Profits Tax

Current period	-	-	-	-
Underprovision in prior periods	-	-	2	-
	-	-	2	-

#### 5. DIVIDEND

On 21 June 2021, the Board resolved to declare the payment of a special dividend of HK2.5 cents per ordinary share to the shareholders of the Company (the “**Shareholders**”), amounting to HK\$9,918,000, which was distributed to the Shareholders on 26 July 2021. The special dividend was paid out of the share premium account of the Company pursuant to the articles of association of the Company. Details are set out in the Company’s announcement dated 21 June 2021.

The Board does not recommend the payment of an interim dividend for the nine month ended 31 December 2021 (2020: Nil).



## 6. EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Profit for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>1,462</b>	1,426	<b>3,217</b>	3,262
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>396,736</b>	405,422	<b>396,736</b>	427,726
<b>Effect of dilutive potential ordinary shares:</b>				
Share options issued by the Company	–	–	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>396,736</b>	405,422	<b>396,736</b>	427,726

For the three and nine months ended 31 December 2021 and 2020, the computation of diluted earnings per share does not assume the exercise of the Company's share options since their exercise price is higher than the average market price of the Company's shares during such periods.

## **7. EVENTS AFTER THE REPORTING PERIOD**

In view of the development of the COVID-19 pandemic in Hong Kong, as a measure to control the spread of the COVID-19 virus, the Government announced on 5 January 2022 the tightening of social distancing measures and ordered entertainment venue closures, as well as suspending the operation of beauty parlours. Due to the recent drastic deterioration of the epidemic situation in Hong Kong, the Government announced on 8 February 2022 the further tightening of social distancing measures, including extension of closure of beauty parlours till 24 February 2022 and “vaccine pass” arrangements effective on 24 February 2022. Despite the fact that the Group’s business focuses on medical procedures and medical treatments performed by registered medical practitioners, the Group’s non-medical beautifying services will be affected. It is expected that the Group will continue to face the adverse impact of the COVID-19 pandemic in this year until the spread of the COVID-19 virus is effectively contained.

Save as disclosed above, there was no other 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 anti-aging 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 of the Group and have been with the Group for more than 5 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 nine months ended 31 December 2021, although COVID-19 continued to spread around the world, the local epidemic situation in Hong Kong had become more stabilised, and the vaccination rate was increasing steadily, the Government had further relaxed social distancing measures. As a result of improvement in local consumer sentiment following the gradual lifting of COVID-19 containment measures, the revenue of the Group for the nine months ended 31 December 2021 increased by HK\$7.6 million, or 23.3%, to HK\$40.2 million, when compared to the nine months ended 31 December 2020. The revenue of Medical Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to HK\$0.9 million, HK\$7.8 million and HK\$31.5 million which accounted for 2.2%, 19.4%, and 78.4% of the total revenue of the Group, respectively.

The Group's profit for the period attributable to the owners of the Company remained stable at HK\$3.2 million and HK\$3.3 million for the nine months ended 31 December 2021 and 2020, respectively as a result of the net effect of (i) the increase in the Group's revenue by HK\$7.6 million, or 23.3%; and (ii) the absence of gain from disposal of a subsidiary of HK\$0.7 million and subsidies received from the Government of HK\$2.3 million (as compared to the last corresponding period) for the nine months ended 31 December 2021. Basic earnings per share for the period was HK0.81 cent, representing an increase of 6.6% from that of HK0.76 cent for the last corresponding period.



## OUTLOOK

The Group will continue to keep abreast of the latest industry knowledge in order to offer the most suitable and updated services to clients. The Group continuously performs market research on the development of, and evaluates the effects of the latest products, skills and treatment devices and technologies 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.

Given the recent drastic deterioration of the epidemic situation in Hong Kong and the further tightening of social distancing measures, the COVID-19 pandemic has increased uncertainty in the Group's future operating performance. It is expected that the Group will continue to face the adverse impact of the COVID-19 pandemic in this year until the spread of the COVID-19 virus is effectively contained. Nevertheless, leveraging on an established customer base and renowned reputation in the industry, and the Group's continued efforts in maximising revenue whilst improving operating efficiency. The Group will continue to use its best endeavours to provide the highest quality medical skin care services and products to its clients and strengthening 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\$7.6 million, or 23.3%, from HK\$32.6 million for the nine months ended 31 December 2020 to HK\$40.2 million for the nine months ended 31 December 2021. The increase was primarily attributable to the increase in the number of clients served by the Group and the increase in the number of visits by its clients as a result of improvement in local consumer sentiment following the gradual lifting of COVID-19 containment measures during the nine months 31 December 2021.

### Other income, gains and losses

Net other income, gains and losses decreased by HK\$3.5 million, or 81.4%, from HK\$4.3 million for the nine months ended 31 December 2020 to HK\$0.8 million for the nine months ended 31 December 2021. The decrease was primarily attributable to the absence of gain from disposal of a subsidiary of HK\$0.7 million and subsidies received from the Government of HK\$2.3 million (as compared to the last corresponding period) for the nine months ended 31 December 2021.

### Inventories used

The Group's cost of inventories was HK\$6.2 million and HK\$5.3 million for the nine months ended 31 December 2021 and 2020 respectively, representing 15.4% and 16.3% of the Group's revenue for the respective periods.

### Staff costs

Staff costs increased by HK\$3.1 million, or 21.8%, from HK\$14.2 million for the nine months ended 31 December 2020 to HK\$17.3 million for the nine months ended 31 December 2021. The increase was primarily attributable to the increase in salaries and allowance paid to staff and performance related incentive payments paid to registered medical practitioners due to the increase in revenue.

### Depreciation of right-of-use assets

Depreciation of right-of-use assets remained stable at HK\$5.7 million for the nine months ended 31 December 2021 and 2020.



## **Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment remained stable at HK\$1.6 million and HK\$1.7 million for the nine months ended 31 December 2021 and 2020, respectively.

## **Other expenses**

Other expenses increased by HK\$0.7 million, or 12.1%, from HK\$5.8 million for the nine months ended 31 December 2020 to HK\$6.5 million for the nine months ended 31 December 2021 in line with the increase in revenue.

## **Income tax expense**

No provision for Hong Kong profits tax had been made for the nine months ended 31 December 2021 and 2020 as the Group either had estimated tax losses brought forward to absorb the estimated assessable profit or had no estimated assessable profit.

## **Profit for the period**

As a result of the foregoing, the profit for the period attributable to owners of the Company remained stable at HK\$3.2 million and HK\$3.3 million for the nine months ended 31 December 2021 and 2020, respectively.

## DISCLOSURE OF INTERESTS

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

As at 31 December 2021, 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 Rule 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.



**(b) Options to subscribe for ordinary shares of the Company**

Particulars of the Directors' interests in the share option scheme adopted by the Company (the "**Share Option Scheme**") on 3 December 2014 were as follows:

Name of Director	Grant date	Exercise price per share	Vesting period	Exercise period	Number of share options as at 1.4.2021 and 31.12.2021
Kong Chung Wai	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	400,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	200,000
Sin Chui Pik Christine	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	400,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	200,000
Chan Cheong Tat	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000
	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
Lee Ka Lun	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000
	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
Leung Siu Cheung	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000
					2,800,000

Save as disclosed above, as at 31 December 2021, 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 31 December 2021, the following persons (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**

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
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.

Save as disclosed above, as at 31 December 2021, no other interests or short positions in the shares or underlying shares 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 nine months ended 31 December 2021.



## 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 nine months ended 31 December 2021.

In accordance with provision A.2.1 of the CG Code, the roles of chairman and chief executive officer 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 the 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 A.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 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 nine months ended 31 December 2021.

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

During the nine months ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **SHARE OPTIONS 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.

On 15 August 2018, an aggregate of 4,000,000 share options were granted to certain Directors and certain employees of the Group. No share options were exercised, cancelled or lapsed during the nine months ended 31 December 2021 (2020: Nil). As at 31 December 2021, there were 4,000,000 (2020: 4,000,000) outstanding share options in aggregate, which have vested and are issuable for 4,000,000 (2020: 4,000,000) ordinary shares of the Company under the Share Option Scheme. Details of such outstanding options are the same as disclosed in the 2021/2022 interim report of the Company dated 11 November 2021.



## 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. Lee Ka Lun and Mr. Leung Siu Cheung. Mr. Chan Cheong Tat is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2021 and this report and is of the view that the condensed consolidated financial statements 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, 10 February 2022

*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. Lee Ka Lun and Mr. Leung Siu Cheung.*