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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Medicskin Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2022 together with the comparative unaudited figures for the corresponding period of last year. This announcement, containing the full text of the 2022/23 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of first quarterly 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 2022/23 first quarterly report will be despatched to the shareholders of the Company and 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, 11 August 2022

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. Lee Ka Lun and Mr. Leung Siu Cheung.

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 Exchanges’s website at www.hkexnews.hk for a minimum period of 7 days from the date of publication and on the website of the Company at www.medicskinholdings.com.

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.

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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 FIRST 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 three months ended 30 June 2022 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 ended 30 June 2022

		Three months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	2	10,467	13,646
Other income, gains and losses	3	(43)	332
Inventories used		(1,953)	(2,231)
Staff costs		(4,927)	(5,609)
Depreciation of right-of-use assets		(1,821)	(1,901)
Depreciation of property, plant and equipment		(516)	(544)
Other expenses		(1,779)	(2,050)
Interest expenses on lease liabilities		(227)	(72)
(Loss) profit before tax		(799)	1,571
Income tax expense	4	–	(2)
(Loss) profit for the period		(799)	1,569
Other comprehensive income (loss) for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
<i>Exchange differences arising from translation of foreign operations</i>		7	(40)
		(792)	1,529
(Loss) profit for the period attributable to:			
Owners of the Company		(786)	1,509
Non-controlling interests		(13)	60
		(799)	1,569
Total comprehensive (loss) income attributable to:			
Owners of the Company		(774)	1,494
Non-controlling interests		(18)	35
		(792)	1,529
(Loss) earnings per share, basic (HK cent)	6	(0.20)	0.38
(Loss) earnings per share, diluted (HK cent)	6	(0.20)	0.38

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to owners of the Company							
	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	Total HK\$'000
At 1 April 2022 (audited)	3,967	9,712	733	(18)	3,037	17,431	(3,252)	14,179
Loss for the period	-	-	-	-	(786)	(786)	(13)	(799)
Other comprehensive income (loss) for the period	-	-	-	12	-	12	(5)	7
Total comprehensive income (loss) for the period	-	-	-	12	(786)	(774)	(18)	(792)
At 30 June 2022 (unaudited)	3,967	9,712	733	(6)	2,251	16,657	(3,270)	13,387
At 1 April 2021 (audited)	3,967	19,630	733	-	(885)	23,445	(3,454)	19,991
Profit for the period	-	-	-	-	1,509	1,509	60	1,569
Other comprehensive loss for the period	-	-	-	(15)	-	(15)	(25)	(40)
Total comprehensive (loss) income for the period	-	-	-	(15)	1,509	1,494	35	1,529
Dividend recognised as distribution (Note 5)	-	(9,918)	-	-	-	(9,918)	-	(9,918)
At 30 June 2021 (unaudited)	3,967	9,712	733	(15)	624	15,021	(3,419)	11,602



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

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 ("HKFRS(s)") 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 three months ended 30 June 2022 are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2022. 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 2022, 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.

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	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Medical Consultation Service	225	343
Prescription and Dispensing Service	2,077	2,354
Treatment Service	8,165	10,949
	10,467	13,646

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 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 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 three months ended 30 June 2022 and 2021, there was no revenue from any customer who individually contributing over 10% of the total revenue of the Group.

3. OTHER INCOME, GAINS AND LOSSES

	Three months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Government subsidies (<i>Note</i>)	576	–
Interest income on bank deposits	82	66
Interest income on rental deposits	32	36
Net foreign exchange (loss) gain	(721)	205
Net fair value changes in financial assets at fair value through profit or loss	(68)	–
Others	56	25
	(43)	332

Note: The government subsidies represent the 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 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. 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.

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises of:		
Hong Kong Profits Tax		
Current period	-	-
Underprovision in prior periods	-	2
	<hr/>	<hr/>
	-	2

5. DIVIDEND

On 21 June 2021, the Board resolved to declare the payment of a special dividend of HK2.5 cents per share of the Company, amounting to HK\$9,918,000, which was distributed by the Company to the shareholders of the Company on 26 July 2021.

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2022 (2021: Nil).



6. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the purpose of calculating basic and diluted (loss) earnings per share ((loss) profit for the period attributable to owners of the Company)	(786)	1,509
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	396,736	396,736
Effect of diluting potential ordinary shares:		
Share options issued by the Company	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	396,736	396,736

For the three months ended 30 June 2022 and 2021, the computation of diluted loss/earnings per share did not assume the exercise of the Company's share options since their exercise price was higher than the average market price for both periods.

7. 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 clients 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.



In early 2022, the large-scale outbreak of the fifth wave of the COVID-19 pandemic had led to the imposition of the strictest social distancing measures by the Government, including closure of beauty parlours and implementation of “vaccine pass” arrangements, which slowed down the local economic activities. Even though the Group’s business focuses on medical procedures and medical treatments performed by registered medical practitioners, the Group’s skin care services were inevitably affected. Meanwhile, the Group continued to face intense competition in the market.

Nevertheless, in response to the severity of the pandemic and to adapt to the new normal, the Group has taken the following measures: continuously improving its online consultation services and e-commerce platform for its proprietary skincare products; offering delivery services for its skincare and certain medical products to meet clients’ need; and adopting a more stringent control on operating costs to mitigate the negative impacts of the pandemic on our business operations.

Due to the negative impacts brought by the fifth wave of the pandemic in Hong Kong and the intense competition in the market, the revenue of the Group for the three months ended 30 June 2022 decreased by HK\$3.1 million, or 22.8%, to HK\$10.5 million, when compared to the three months ended 30 June 2021. The revenue of Medical Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to HK\$0.2 million, HK\$2.1 million and HK\$8.2 million which accounted for 2.2%, 19.8%, and 78.0% of the total revenue of the Group respectively.

The Group recorded a loss attributable to owners of the Company of HK\$0.8 million for the three months ended 30 June 2022, as compared to a profit attributable to owners of the Company of HK\$1.5 million for the three months ended 30 June 2021. The turning into loss from profit was mainly attributable to (i) a decline of approximately HK\$3.1 million, or 22.8%, of the revenue of the Group for the three months ended 30 June 2022 as compared to the same period of last year; and (ii) the effect of unrealised exchange loss arising from translation of bank deposits denominated in Renminbi of HK\$0.7 million. Basic loss per share for the period was HK0.20 cent as compared to basic earnings per share of HK0.38 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 believes 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, it is expected that the Group will continue to face the uncertainties and challenges of COVID-19 pandemic in this year until the spread of the COVID-19 virus has been effectively contained. We will therefore remain cautious on our business strategy. Nevertheless, with the growing emphasis on a person's physical appearance in the society, 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 decreased by HK\$3.1 million, or 22.8%, from HK\$13.6 million for the three months ended 30 June 2021 to HK\$10.5 million for the three months ended 30 June 2022. The decrease was primarily attributable to the negative impact brought by the fifth wave of the COVID-19 pandemic and the intense competition in the market.

Other income, gains and losses

Net other income, gains and losses decreased by HK\$0.4 million, or 66.7%, from net income and gains of HK\$0.3 million for the three months ended 30 June 2021 to net losses of HK\$43,000 for the three months ended 30 June 2022. The decrease was primarily attributable to the net effect of (i) the unrealised exchange loss arising from translation of bank deposits denominated in Renminbi of HK\$0.7 million; and (ii) the subsidies received from the Government of HK\$0.6 million during the three months ended 30 June 2022.

Inventories used

The Group's cost of inventories used was HK\$2.0 million and HK\$2.2 million for the three months ended 30 June 2022 and 2021 respectively, representing 18.7% and 16.3% of the revenue for the respective periods.

Staff costs

Staff costs decreased by HK\$0.7 million, or 12.5%, from HK\$5.6 million for the three months ended 30 June 2021 to HK\$4.9 million for the three months ended 30 June 2022. The decrease was primarily attributable to the decrease in salaries and allowance paid to staff and performance related incentive payments paid to medical practitioners due to decline in revenue.

Depreciation of right-of-use assets

Depreciation of right-of-use assets remained stable at HK\$1.8 million and HK\$1.9 million for the three months ended 30 June 2022 and 2021 respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained stable at HK\$0.5 million for the three months ended 30 June 2022 and 2021 respectively.

Other expenses

Other expenses decreased by HK\$0.3 million, or 14.3%, from HK\$2.1 million for the three months ended 30 June 2021 to HK\$1.8 million for the three months ended 30 June 2022. The decrease was primarily attributable to the decline in revenue.

Income tax expense

No provision for Hong Kong profits tax had been made for the three months ended 30 June 2022 and 2021 as the Group either had no estimated assessable profit or had estimated tax losses brought forward to absorb the estimated assessable profit.

(Loss) profit for the period

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of HK\$0.8 million for the three months ended 30 June 2022, as compared to a profit attributable to owners of the Company of HK\$1.5 million for the corresponding period of last year.



DISCLOSURE OF INTERESTS

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

As at 30 June 2022, 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.

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

Particulars of the Directors' interests in the share option scheme adopted by the Company ("**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 1.4.2022 and 30.6.2022
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	15.08.2018 – 14.08.2019	15.08.2019 – 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 30 June 2022, none of the Directors and 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 June 2022, 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

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.

Save as disclosed above, as at 30 June 2022, 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 of the Company 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 three months ended 30 June 2022.

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 three months ended 30 June 2022.

In accordance with provision A.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 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 three months ended 30 June 2022.

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

During the three months ended 30 June 2022, 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.

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 three months ended 30 June 2022 (2021: Nil). As at 30 June 2022, there were 4,000,000 (2021: 4,000,000) outstanding share options in aggregate which have been vested and are issuable for 4,000,000 (2021: 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 2021/22 annual report of the Company dated 20 June 2022.

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 three months ended 30 June 2022 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 had been made.

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

Hong Kong, 11 August 2022

As at the date of this report, the executive Directors of the Company 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.