

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, 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 announcement.*



## **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 2020**

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 2020 together with the comparative unaudited figures for the corresponding period of last year. This announcement, containing the full text of the 2020/21 interim 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 interim results. This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.medicskin.com](http://www.medicskin.com)). The printed version of the Company’s 2020/21 interim 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, 13 November 2020

*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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of publication and on the website of the Company at [www.medicskin.com](http://www.medicskin.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.

*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 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 2020 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 and six months ended 30 September 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	2	10,472	12,760	20,844	25,858
Other income, gains and losses	3	1,646	148	3,183	62
Inventories used		(1,715)	(1,956)	(3,405)	(3,877)
Staff costs		(4,671)	(6,193)	(9,329)	(12,533)
Depreciation of right-of-use assets		(1,910)	(1,908)	(3,818)	(3,816)
Depreciation of property, plant and equipment		(550)	(709)	(1,191)	(1,382)
Other expenses	4	(1,940)	(2,592)	(3,768)	(5,184)
Interest expenses on lease liabilities		(131)	(222)	(284)	(465)
Profit (loss) before tax	5	1,201	(672)	2,232	(1,337)
Income tax expense	6	-	-	-	(89)
Profit (loss) for the period		1,201	(672)	2,232	(1,426)
Other comprehensive (loss) income for the period					
Item that may be classified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		(19)	(36)	33	(64)
		1,182	(708)	2,265	(1,490)

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit (loss) for the period attributable to:					
Owners of the Company		963	(264)	1,836	(651)
Non-controlling interests		238	(408)	396	(775)
		<b>1,201</b>	<b>(672)</b>	<b>2,232</b>	<b>(1,426)</b>
Total comprehensive income (loss) attributable to:					
Owners of the Company		962	(283)	1,850	(683)
Non-controlling interests		220	(425)	415	(807)
		<b>1,182</b>	<b>(708)</b>	<b>2,265</b>	<b>(1,490)</b>
Earnings (loss) per share, basic (HK cent)	8	0.24	(0.05)	0.42	(0.13)
Earnings (loss) per share, diluted (HK cent)	8	0.24	(0.05)	0.42	(0.13)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Non-current assets			
Right-of-use assets		8,939	12,757
Property, plant and equipment	9	5,274	5,129
Rental deposits		1,307	2,633
		<b>15,520</b>	20,519
Current assets			
Inventories		2,795	2,929
Financial assets at fair value through profit or loss ("FVTPL")		1,010	–
Trade receivables	10	400	372
Other receivables, deposits and prepayments		3,101	1,536
Tax recoverable		121	121
Pledged bank deposits		9,902	9,561
Bank balances and cash		31,818	42,905
		<b>49,147</b>	57,424
Current liabilities			
Trade payables	11	587	392
Other payables and accrued liabilities		1,972	1,798
Amount due to a non-controlling shareholder of a subsidiary		–	735
Contract liabilities		29,700	31,341
Lease liabilities		7,069	7,332
Tax payable		6	6
		<b>39,334</b>	41,604
Net current assets		<b>9,813</b>	15,820
Total assets less current liabilities		<b>25,333</b>	36,339
Non-current liabilities			
Lease liabilities		2,089	5,538
Provision for reinstatement costs		400	400
		<b>2,489</b>	5,938
Net assets		<b>22,844</b>	30,401
Capital and reserves			
Share capital	12	4,055	4,857
Reserves		22,275	30,631
Equity attributable to owners of the Company		<b>26,330</b>	35,488
Non-controlling interests		<b>(3,486)</b>	(5,087)
Total equity		<b>22,844</b>	30,401

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	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			
At 1 April 2020 (audited)	4,857	31,781	707	(19)	(1,838)	35,488	(5,087)	30,401
Profit for the period	-	-	-	-	1,836	1,836	396	2,232
Other comprehensive income for the period	-	-	-	14	-	14	19	33
Total comprehensive income for the period	-	-	-	14	1,836	1,850	415	2,265
Recognition of equity-settled share-based payments (Note 13)	-	-	26	-	-	26	-	26
Repurchase of shares	(802)	(10,232)	-	-	-	(11,034)	-	(11,034)
Disposal of a subsidiary	-	-	-	-	-	-	1,186	1,186
At 30 September 2020 (unaudited)	4,055	21,549	733	(5)	(2)	26,330	(3,486)	22,844
At 1 April 2019 (audited)	4,857	51,210	502	14	1,399	57,982	(2,893)	55,089
Loss for the period	-	-	-	-	(651)	(651)	(775)	(1,426)
Other comprehensive loss for the period	-	-	-	(32)	-	(32)	(32)	(64)
Total comprehensive loss for the period	-	-	-	(32)	(651)	(683)	(807)	(1,490)
Recognition of equity-settled share-based payments (Note 13)	-	-	171	-	-	171	-	171
Dividend recognised as distribution (Note 7)	-	(19,429)	-	-	-	(19,429)	-	(19,429)
At 30 September 2019 (unaudited)	4,857	31,781	673	(18)	748	38,041	(3,700)	34,341

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operations		5,584	8,447
NET CASH FROM OPERATING ACTIVITIES		5,584	8,447
INVESTING ACTIVITIES			
Interest received		426	333
Placement of pledged bank deposits		(149)	(79)
Net proceeds from disposal of a subsidiary	14	213	40,154
Proceeds from disposal of property, plant and equipment		200	–
Purchase of property, plant and equipment		(1,507)	(1,618)
Purchase of financial assets at FVTPL		(1,010)	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(1,827)	38,790
FINANCIAL ACTIVITIES			
Dividend paid	7	–	(19,429)
Repayments of lease liabilities		(3,843)	(3,753)
Repurchase of shares	12	(802)	–
Transaction costs attributable to repurchase of shares		(10,232)	–
CASH USED IN FINANCING ACTIVITIES		(14,877)	(23,182)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes, net		33	(64)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		42,905	15,920
Bank balances and cash transferred from assets classified as held for sale		–	346
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY			
Bank balances and cash		31,818	40,257

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 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. Except for the accounting policies used for the first time in the current period as disclosed below, 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 2020. The interim financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to subsidy income from government for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### Financial instruments

#### *Financial assets*

#### *Classification and subsequent measurement of financial assets*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income, gains and losses” line item.

The HKICPA has issued a number of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”). For those which are effective for accounting period beginning on 1 April 2020, 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 accounting 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 revised HKFRSs will have no material impact on the Group’s financial statements in the foreseeable future.

## 2. REVENUE AND SEGMENT INFORMATION

The Group’s revenue represents revenue arising from the provision of consultation services (“**Consultation Service**”), prescription and dispensing of medication and/or skincare products including sale of skincare products (“**Prescription and Dispensing Service**”) and the provision of skincare treatments (“**Treatment Service**”) during the period.

### Disaggregation of revenue from contracts with customers:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultation Service	574	873
Prescription and Dispensing Service	4,869	7,753
Treatment Service	15,401	17,232
	<b>20,844</b>	<b>25,858</b>

## 2. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's operating activities are attributable to a single operating segment focusing on 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 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**

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 2020 and 2019, none of the Group's customer individually contributed over 10% of the total revenue of the Group.

### 3. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Rental income	–	86
Interest income on bank deposits	426	333
Interest income on rental deposits	70	67
Net foreign exchange gain (loss)	204	(407)
Government subsidies	1,600	–
Gain (loss) on disposal of a subsidiary (Note)	687	(17)
Gain on disposal of property, plant and equipment	200	–
Loss on write-off of property, plant and equipment	(7)	–
Others	3	–
	<b>3,183</b>	<b>62</b>

Note: The government subsidies include both the Anti-epidemic Fund for beauty parlours and retail sector and Employment Support Scheme (“ESS”) from the Government of Hong Kong Special Administrative Region (the “Government”) to provide relief to the Group affected by COVID-19. Under the ESS, the Group is required to undertake and warrant that the Group does not implement redundancies during the subsidy period and spends all the wages subsidies on paying wages to the employees.

### 4. OTHER EXPENSES

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Property lease rentals and related expenses	709	842
Marketing expenses (including endorsement fee)	51	955
Payment platforms service charges	473	641
Annual listing, legal and professional fees	826	821
Other operating expenses	1,709	1,925
	<b>3,768</b>	<b>5,184</b>

## 5. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit (loss) before tax has been arrived at after charging:		
Cost of inventories recognised as an expense	3,405	3,877
Allowance for inventories (included in cost of inventories)	31	2
Staff costs		
Directors' emoluments	3,661	4,838
Other staff costs		
– salaries, allowance and other benefits	5,472	7,435
– share-based payments (Note 13)	12	53
– contributions to retirement benefits schemes	184	207
	<b>9,329</b>	12,533

## 6. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profit tax rates regime. The Bill was gazetted on 29 March 2018.

Under the two tiered profits tax rates regime, the first HK\$2.0 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%. For the six months ended 30 September 2020 and 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. 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%.

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises of:		
Hong Kong Profits Tax		
Current period	–	89

## 7. DIVIDENDS

On 21 June 2019, the Board resolved to declare the payment of a special dividend of HK4 cents per share of the Company, amounting to HK\$19,429,000, which was distributed by the Company to the shareholders of the Company (“Shareholders”) on 26 July 2019.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

## 8. EARNINGS (LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Earnings (loss):</b>				
Earnings (loss) for the purpose of calculating basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	<b>963</b>	(264)	<b>1,836</b>	(651)
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<b>405,695</b>	485,736	<b>438,939</b>	485,736
<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 (loss) per share	<b>405,695</b>	485,736	<b>438,939</b>	485,736

For the three and six months ended 30 September 2020 and 2019, the computation of diluted earnings (loss) 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.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment of HK\$1,507,000 (2019: HK\$1,618,000).

## 10. TRADE RECEIVABLES

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

	<b>As at 30 September 2020 HK\$'000 (unaudited)</b>	As at 31 March 2020 HK\$'000 (audited)
0-30 days	<b>353</b>	293
31-60 days	<b>42</b>	79
61-90 days	<b>5</b>	–
Total	<b>400</b>	372

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.

## 11. 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:

	<b>As at 30 September 2020 HK\$'000 (unaudited)</b>	As at 31 March 2020 HK\$'000 (audited)
0-30 days	<b>587</b>	392

## 12. SHARE CAPITAL

The share capital as at 31 March 2020 and 30 September 2020 represented the issued share capital of the Company as detailed below:

	Number of shares	Share capital HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
Authorised:		
As at 1 April 2019, 31 March 2020 and 30 September 2020	1,000,000,000	10,000
Issued:		
As at 1 April 2019 and 31 March 2020	485,736,000	4,857
Repurchase of shares ( <i>Notes a &amp; b</i> )	(80,188,000)	(802)
At 30 September 2020	405,548,000	4,055

Notes:

- (a) On 19 March 2020, the Company entered into a share buy-back agreement (the “**Share Buy-back Agreement**”) with Rich Unicorn Holdings Limited (“**Rich Unicorn**”) pursuant to which Rich Unicorn has agreed to sell, and the Company has agreed to repurchase for cancellation, a total of 80,000,000 ordinary shares of the Company (the “**Buy-back Shares**”) at the total consideration of HK\$10,000,000, equivalent to HK\$0.125 per share. All conditions under the Share Buy-back Agreement had been fulfilled and completion took place on 9 June 2020. The Buy-back Shares had been cancelled by the Company on 16 June 2020. Details of the share buy-back are set out in the Company’s announcement dated 19 March 2020 and the Company’s circular dated 8 May 2020 respectively.
- (b) In July 2020, the Company repurchased an aggregate of 188,000 ordinary shares on the Stock Exchange at HK\$0.145 per share for a total consideration of HK\$27,000. Such repurchased shares were cancelled during the six months ended 30 September 2020.

### 13. SHARE-BASED PAYMENT TRANSACTIONS

#### Share Option Scheme

The Company adopted a share option scheme (“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.

A summary of the share options granted under the Share Option Scheme are as follows:

Type of Participants	Grant date	Exercise price per share	Vesting period	Exercise period	As at
					1.4.2020, 31.3.2020 and 30.9.2020
Directors	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	1,000,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	1,400,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	400,000
Others	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	300,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	600,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	300,000
					4,000,000

On 15 August 2018, an aggregate of 4,000,000 share options were granted to certain Directors and certain employees of the Group. The closing price of the shares as stated in the Stock Exchange’s daily quotations sheet immediately before the date on which the options were granted (i.e. 14 August 2018) was HK\$0.360. The granted share options were vested over the relevant vesting periods commencing from 15 August 2018 to 14 August 2020.

The estimated fair value of the share options granted on 15 August 2018 was HK\$733,000. The fair value was calculated using the binomial option pricing model.



### 13. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### Share Option Scheme (Continued)

The inputs into the model were as follows:

Closing share price at date of grant	HK\$0.360
Exercise price	HK\$0.433
Option life	4 years
Expected volatility	85.03%
Dividend yield	0.417%
Risk free interest rate	1.962%

The variables and assumptions used in computing the fair value of the share options were based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. Expected volatility was determined by historical daily volatilities of the Company's share prices as at the valuation date.

During the six months ended 30 September 2020, the Group recognised HK\$26,000 (2019: HK\$171,000) as an expense in the condensed consolidated statement of profit or loss and other comprehensive income in relation to share options granted by the Company.

No share options were exercised, cancelled or lapsed during the six months ended 30 September 2020 (2019: Nil). As at the date of this report, there were 4,000,000 outstanding share options in aggregate, which have vested and are issuable for 4,000,000 ordinary shares of the Company under the Share Option Scheme.

#### 14. DISPOSAL OF A SUBSIDIARY

- (a) On 15 May 2020, the Group entered into a sale and purchase agreement (“**S&P Agreement**”) with an independent third party, pursuant to which the Group has agreed to sell its 51% equity interest in Success Guide Limited (“**Success Guide**”), the holding company of MS Medicspa Limited (“**MS Medicspa**”) which is engaged in the provision of beauty spa services, and the independent third party has agreed to acquire the same for a consideration of HK\$216,000 (being consideration of HK\$60,000 adjusted by the unaudited value of certain assets of Success Guide as at 1 June 2020 in accordance with the terms of the S&P Agreement). The transaction was completed on 1 June 2020.

	<i>HK\$'000</i>
Consideration received:	
Cash	216

Assets and liabilities at the date of disposal were as follows:

	<i>HK\$'000</i>
Cash	3
Property, plant and equipment	164
Inventories	18
Trade receivables	32
Other receivables, deposits and prepayments	323
Accrued liabilities	(1)
Amount due to a non-controlling shareholder of a subsidiary	(735)
Contract liabilities	(1,461)
Non-controlling interests	1,186
	<hr/>
Net liabilities disposed	(471)
	<hr/>
Gain on disposal	687

The gain on disposal is included in “other income, gains and losses” in the condensed consolidated statement of profit or loss and other comprehensive income.

Net cash inflow arising from the disposal:

	<i>HK\$'000</i>
Cash consideration received	216
Cash and cash equivalents disposed of	(3)
	<hr/>
Net inflow of cash and cash equivalents	
Included in cash flows from investing activities	213

- (b) On 29 January 2019, the Company entered into a provisional sale and purchase agreement (the “**Provisional Agreement**”) with an independent third party (the “**Purchaser**”), pursuant to which the Company has agreed to sell its 100% equity interest in Golden Dickson (HK) Limited (“**Golden Dickson**”) for a consideration of HK\$46,000,000. All the conditions precedent under the Provisional Agreement had been fulfilled and the transaction was completed on 31 May 2019. As at 31 March 2019, the assets and liabilities attributable to Golden Dickson were classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The rental income from Golden Dickson is included in the Group’s other income, gains and losses (see Note 3).

The major classes of assets and liabilities of Golden Dickson classified as held for sale being disposed of as at the date of disposal on 31 May 2019 were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	22,595
Investment property	22,595
Deposits and prepayments	51
<b>Total assets classified as held for sale disposed of</b>	<b>45,241</b>
Other payable and accrued liabilities	285
Tax payable	185
<b>Total liabilities classified as held for sale disposed of</b>	<b>470</b>
<b>Net assets classified as held for sale disposed of</b>	<b>44,771</b>
Consideration received	45,581
Net assets classified as held for sale disposed of	(44,771)
Disposal-related costs	(827)
<b>Loss on disposal</b>	<b>(17)</b>
Net cash inflow arising on disposal:	
Cash consideration	45,581
Deposit received	(4,600)
Disposal-related costs	(827)
	<b>40,154</b>

## 15. RELATED PARTY TRANSACTIONS

### (a) Transactions

During the period, the Group entered into the following transactions with related parties:

	Rental income		Purchase of goods		Endorsement expenses		Consultancy fee expenses	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-controlling shareholders								
of subsidiaries	-	86	19	162	-	323	-	16

### (b) Outstanding balances

Amount due to a non-controlling Shareholder of a subsidiary was set out in the condensed consolidated statement of financial position on page 3.

As at 31 March 2020, other payable of HK\$44,000 was due to a non-controlling shareholder of a subsidiary. The amount was unsecured, interest-free and repayable on demand.

Saved as disclosed above, as at 30 September 2020 and 31 March 2020, the Group had no outstanding balance with related parties.

### (c) Compensation of key management personnel

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	3,810	5,044
Post-employment benefits	35	36
	<b>3,845</b>	<b>5,080</b>

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

## 16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at 30.9.2020 HK\$'000 (Unaudited)	Fair value hierarchy	Valuation techniques and key input(s)	Sensitivity
Held-for-trading non-derivative financial assets classified as financial assets at FVTPL – Listed equity investments	1,010	Level 1	Quoted bid prices in an active market	N/A

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

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

## 17. 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 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) 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.

For the six months ended 30 September 2020, the revenue of the Group decreased by HK\$5.1 million, or 19.4%, to HK\$20.8 million, when compared to the six months ended 30 September 2019. The revenue of Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to HK\$0.5 million, HK\$4.9 million and HK\$15.4 million, which accounted for 2.7%, 23.4%, and 73.9% of the total revenue of the Group, respectively.

Since the beginning of the year 2020, the outbreak of the COVID-19 virus in Hong Kong has further dampened the Hong Kong economy and weakened the local consumption sentiment as a result of the promotion of social distancing measures which in turn adversely affected the revenue of the Group. Moreover, as a measure to control the spread of the COVID-19 virus, the Government announced and implemented restrictions on public gatherings and ordered closures of various venues, including beauty parlours for certain periods. Despite the fact that the Group's business mainly focuses on medical procedures and medical treatments performed by doctor-operated clinics, certain non-medical beautifying services were affected.

Nevertheless, the Group has adopted more stringent cost control measures and the Group's operating expenses have decreased due to a decline in variable costs such as performance related incentive payments paid to medical practitioners and costs of inventories used, as well as a decline in marketing expenses (including the decrease in endorsement fee due to the expiration of an endorsement contract in February 2020) of its anti-aging centre and beauty spa. In view of the prioritization of the safety of both its clients and employees, the Group's centres have taken preventive measures to promote a safe and hygienic environment for clients and minimise the risk of contracting and spreading the COVID-19 virus. To cope with the unfavourable changes in the economic and business environment, the Group has started to provide Consultation Service through video-conference and offer delivery services for skincare and medical products.

The Group recorded a profit attributable to owners of the Company of HK\$1.8 million for the six months ended 30 September 2020, as compared to a loss attributable to owners of the Company of HK\$0.7 million for the six months ended 30 September 2019. The turn from loss to profit was mainly attributable to the combined effect of the gain from disposal of 51% equity interest in Success Guide of HK\$0.7 million; and subsidies received from the Government credited to the condensed consolidated statement of profit or loss and other comprehensive income of the Group during the six months ended 30 September 2020 of HK\$1.6 million in aggregate. Basic earnings per share for the period was HK0.42 cent as compared to basic loss per share of HK0.13 cent for the corresponding period of last year.

## **OUTLOOK**

The Group will continue to keep abreast of the latest industry knowledge in order to offer the most suitable and updated services to 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.

It is expected that the Group will continue to face the adverse impact from the COVID-19 pandemic in the months ahead. Nevertheless, leveraging on a healthy balance sheet, an established customer base and renowned reputation in the industry, and the Group's continued efforts in maximising revenue whilst improving operating efficiency, the Directors believe that the Group is well prepared to weather the anticipated economic downturn and is cautiously confident about its development in the future. 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 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\$5.1 million, or 19.4%, from HK\$25.9 million for the six months ended 30 September 2019 to HK\$20.8 million for the six months ended 30 September 2020. The decrease was primarily attributable to the decrease in the number of clients served by the Group and the decrease in the number of visits by its clients due to the outbreak of the COVID-19 virus in Hong Kong.

### Other income, gains and losses

Net other income, gains and losses increased by HK\$3.1 million from HK\$62,000 for the six months ended 30 September 2019 to HK\$3.2 million for the six months ended 30 September 2020. The increase was primarily attributable to the gain from disposal of 51% equity interest in Success Guide of HK\$0.7 million; and subsidies received from the Government credited to the condensed consolidated statement of profit or loss and other comprehensive income of the Group during the six months ended 30 September 2020 of HK\$1.6 million in aggregate.

### Inventories used

The Group's cost of inventories used was HK\$3.4 million and HK\$3.9 million for the six months ended 30 September 2020 and 2019, respectively, representing 16.3% and 15.0% of the revenue for the respective periods.

### Staff costs

Staff costs decreased by HK\$3.2 million, or 25.6%, from HK\$12.5 million for the six months ended 30 September 2019 to HK\$9.3 million for the six months ended 30 September 2020. The decrease was primarily attributable to (i) the decrease in staff salaries due to (a) the decrease in the number of staff; and (b) cost-effective measures adopted, including the redeployment of manpower; and (ii) the decrease in performance related incentive payments paid to medical practitioners due to the decline in revenue generated by medical practitioners during the reporting period.

### Depreciation of right-of-use assets

Depreciation of right-of-use assets remained stable at HK\$3.8 million for the six months ended 30 September 2020 and 2019.

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

Depreciation of property, plant and equipment decreased by HK\$0.2 million or 13.8%, from HK\$1.4 million for the six months ended 30 September 2019 to HK\$1.2 million for the six months ended 30 September 2020. The decrease was primarily attributable to the disposal of property, plant and equipment through the disposal of the 51% equity interest in Success Guide on 1 June 2020.

## **Other expenses**

Other expenses decreased by HK\$1.4 million, or 27.3%, from HK\$5.2 million for the six months ended 30 September 2019 to HK\$3.8 million for the six months ended 30 September 2020. The decrease was primarily attributable to the decrease in marketing expenses of its anti-aging centre and MS Medicspa of HK\$0.9 million in aggregate in the current reporting period.

## **Income tax expense**

Income tax expense decreased by HK\$0.1 million, or 100.0%, from HK\$0.1 million for six months ended 30 September 2019 to nil for six months ended 30 September 2020. The decrease was in line with the decrease in profit before tax, excluding the effect of non-taxable income such as interest income on bank deposits, government subsidies and gain on disposal of a subsidiary.

## **Profit (loss) for the period**

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of HK\$1.8 million for the six months ended 30 September 2020, as compared to a loss attributable to owners of the Company of HK\$0.7 million for the six months ended 30 September 2019.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

The capital of the Group only comprises ordinary shares.

The total equity of the Group as at 30 September 2020 was HK\$22.8 million (31 March 2020: HK\$30.4 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of HK\$31.8 million as at 30 September 2020 (31 March 2020: HK\$42.9 million), with no external borrowing (31 March 2020: Nil). As at 30 September 2020, the Group had net current assets of HK\$9.8 million (31 March 2020: HK\$15.8 million).

Cash generated from operations for the six months ended 30 September 2020 was HK\$5.6 million (six months ended 30 September 2019: HK\$8.4 million). With the healthy bank balances and cash on hand, the Group's liquidity position remains strong and it has sufficient financial resources to fund its future plans and to meet its working capital requirement.

### **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

Save as disclosed in Note 16 to the interim financial statements of the Group, during the six months ended 30 September 2020, there was no significant investment held by the Group.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 September 2020, the Group did not have any plans for material investments and capital assets.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed in Note 14 to the interim financial statements of the Group, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2020.

## **COMMITMENTS**

As at 30 September 2020, the Group had capital commitments in respect of capital contribution to a subsidiary of HK\$0.5 million (31 March 2020: HK\$0.5 million).

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 September 2020, time deposits amounted to HK\$9.9 million (31 March 2020: HK\$9.6 million) were pledged to a bank for card settlement services.

## **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group did not have material contingent liabilities (31 March 2020: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group carries out its business in Hong Kong and most of its transactions are denominated in Hong Kong dollars. The Group currently does not have significant foreign currency exposure. The management continually assesses and monitors the foreign exchange exposure and, if necessary, may hedge its foreign exchange exposure by entering forward foreign exchange contracts.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group employed a total of 33 full-time and 8 part-time employees (31 March 2020: 36 full-time and 13 part-time employees). The staff costs, including Directors' emoluments, of the Group were HK\$9.3 million for the six months ended 30 September 2020 (six months ended 30 September 2019: 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 the Share Option Scheme on 3 December 2014 under which the Company may grant share options to eligible employees for subscribing shares of the Company.

## DISCLOSURE OF INTERESTS

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

As at 30 September 2020, 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	67.78%

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 Share Option Scheme were as follows:

Name of Director	Grant date	Exercise price per share	Vesting period	Exercise period	Number of share options as at 1.4.2020 and 30.09.2020
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
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
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 September 2020, 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 2020, 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**

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
Topline (Note)	Beneficial owner	274,865,400	67.78%

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

Save as disclosed above, as at 30 September 2020, 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 six months ended 30 September 2020.

## CORPORATE GOVERNANCE CODE

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and, save as disclosed below, the Board is satisfied that the Company had complied with and is not aware of any deviations from the CG Code during the six months ended 30 September 2020.

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 with all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the six months ended 30 September 2020.

## **OFF-MARKET SHARE BUY-BACK**

On 19 March 2020, the Company entered into the Share Buy-back Agreement with Rich Unicorn pursuant to which Rich Unicorn has agreed to sell, and the Company has agreed to repurchase for cancellation, a total of 80,000,000 ordinary shares of the Company at the total consideration of HK\$10,000,000, equivalent to HK\$0.125 per share. All conditions under the Share Buy-back Agreement had been fulfilled and completion took place on 9 June 2020. The Buy-back Shares had been cancelled by the Company on 16 June 2020. Details of the share buy-back are set out in the Company's announcement dated 19 March 2020 and the Company's circular dated 8 May 2020 respectively.

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

Save as disclosed in the paragraph headed "Off-market Share Buy-back" in this report, in July 2020, the Company also repurchased an aggregate of 188,000 ordinary shares on the Stock Exchange at HK\$0.145 per share for a total consideration of HK\$27,000. Such repurchased shares were cancelled during the six months ended 30 September 2020.

Save as disclosed above, during the six months ended 30 September 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **SHARE OPTION SCHEME**

Details of the Share Option Scheme are set out in Note 13 to the interim financial statements of the Group.

## 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 interim financial statements of the Group for the six months ended 30 September 2020 and this report and is of the view that the interim results of the Group for the six months ended 30 September 2020 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, 13 November 2020

*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.*