

# TARGET

## Intelligence Report

VOLUME XXVI No. 41

SATURDAY

February 24, 2024

### **MEDICSKIN HOLDINGS LTD: WILL MANAGEMENT EVER SEE THE LIGHT OF DAY ?**

Medicskin Holdings Ltd (密迪斯肌控股有限公司) (Code: 8307, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) is highly unlikely, ever, to see its shares [all of which are listed and traded on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC)], rise anywhere near to a remarkable increase of the present price of about 18 cents (which is far too high in this medium's opinion) – unless Dr Kong Kwok Leung (江覺亮), the Chairman and Chief Executive Officer of the Company, as well as being the Controlling Shareholder of the Company, discovers a medicine that meets the high, international standards, documented and accepted to be able to cure, and/or control, certain dreaded diseases of the skin, forever.

However, whilst the first discoveries of a 'magic' skin medicine is being scanned, properly investigated and carefully studied with considerations, given to putting it on the market in many parts of the world, with the avowed promise of the outcome to meet the international standards and requirements of those persons with an acceptable medical degree – or better – Medicskin Holdings Ltd is successfully treating sufferers of medical skin problems in one of the two of its branded medical skin-care centres in the HKSAR.

Medicskin Holdings Ltd sought and obtained the right to have its entire Issued and Fully Paid-Up Share Capital, listed on The GEM on or about December 18, 2018.

The Revenue of the Company's Financial Year, ended March 31, 2019, stood at \$HK51,449,000.00, whilst the Revenue of the Company, as at March 31, 2023, came in at \$HK45,541,000.00.

Shareholders of the Company, during the 2019 Financial Year through to the 2023 Financial Year, witnessed losses in respect of the 2019 Financial Year, the 2020 Financial Year, as well as the 2023 Financial Year.

The amount of the losses, with regard to the above three mentioned Financial Years, aggregated \$HK17,332,000.00, whereas the Net Profit of the 2022 Financial Year and the 2021 Financial Year, aggregated \$HK5,507,000.00.

More to the point, however, was that the Total Assets (Shareholders' Funds) of the Company, as at March 31, 2019, were in the books of the Company at about \$HK55,089,000.00, falling to \$HK11,160,000.00, as at March 31, 2023.

### **THE CHAIRMAN OF MEDICSKIN HOLDINGS LTD HAS HIS SAY**

At Page Four of the 2022-2023 Annual Report of Medicskin Holdings Ltd, Dr Kong Kwok Leung took pen to paper, inscribing the following observations:

*‘During the financial year 2022/23, the Group’s business was still impacted by the COVID-19 pandemic. The large-scale outbreak of the fifth wave of the pandemic had led to the imposition of the strictest social distancing measures by the government of Hong Kong SAR (the “**Government**”) and slowed down the local economic activities in Hong Kong. Following the subsequent lifting of all COVID-related restrictions and reopening of Mainland China borders with Hong Kong during the year, the economy of Hong Kong was gradually recovering. Nevertheless, the threat of increasing interest rates and high inflation combined with recession fears weakened customer sentiment and the Group continued to face intense competition in the industry and rising operating costs.*

*‘During the year under review, revenue of the Group amounted to HK\$45.5 million, representing an decrease of 7.3% from HK\$49.1 million of the preceding financial year. The Group recorded a turning from profit attributable to the owners of the Company of HK\$3.9 million in the preceding financial year into loss of HK\$3.0 million for the year ended 31 March 2023.*

*‘Nevertheless, in order to maintain the standard and competitiveness of our services and products in the industry, we are keen to ensure that we are kept abreast of, and have access to, the most suitable skincare products as well as the latest treatment technology and equipment. During the year under review, the Group continued to procure evidence-based and effective medical skin care treatment devices and products to ensure its services offerings are reliable and capable of delivering desired outcomes and results to our clients, including introduction of “**EMFACE**®” treatment. **EMFACE**® is a revolution in facial treatments. By emitting both synchronized **RF (Radiofrequency)** and **HIFESTM** energies, it simultaneously affects the facial skin and muscles with the end result of less wrinkles and more lift naturally without use of needles.*

*‘As one of the pioneers in the medical skin care industry in Hong Kong, we would make the best use of our advantages and continue to seek opportunities to grow. We believe that the Group’s long established reputation as a trustworthy, reliable and quality provider of skin care service, and professionalism in the delivery of services, which includes prioritising safety and well-being of our clients, set us apart from our industry peers. In future, the Group will thrive continuously to concentrate on exploring and launching new types of services and products; growing the presence of our existing business; and identifying new business*

*opportunities, in order to deliver value to both our clients and the shareholders of the Company (“Shareholders”) ...’.*

At Page Seven of the 2022-2023 Annual Report, under the heading, ‘**CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES,**’ one was informed of the following:

*‘The total equity of the Group as at 31 March 2023 was HK\$11.2 million (2022: HK\$14.2 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of HK\$5.0 million as at 31 March 2023 (2022: HK\$14.2 million), with no external borrowing (2022: Nil). As at 31 March 2023, the Group had net current liabilities of HK\$2.6 million (2022: net current assets of HK\$0.2 million).*

*‘Gearing ratio ... [CLICK TO ORDER FULL ARTICLE](#)*

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