



MEDICSKIN HOLDINGS LIMITED

密迪斯肌控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8307)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

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*This announcement, 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 the 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 announcement is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2015

- The Group's revenue amounted to HK\$66.7 million for the year ended 31 March 2015, representing an increase of approximately HK\$1.7 million, or 2.6%, as compared to the year ended 31 March 2014.
- The profit and total comprehensive income for the year attributable to owners of the Company was approximately HK\$3.3 million, representing a decrease of approximately HK\$10.4 million, or 75.9%, as compared to the year ended 31 March 2014 mainly due to, as highlighted in the Prospectus, the increase in actual listing expenses of approximately HK\$5.6 million recognised as expenses and the professional fees paid to Dr. Kong of approximately HK\$5.2 million since 1 April 2014 under the Cooperation Agreement during the year ended 31 March 2015.
- The Board recommends the payment of a final dividend of HK0.25 cent per ordinary share.

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2015 together with the comparative audited figures for the corresponding period of last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	4	66,738	65,041
Other income, gains and losses	5	387	(160)
Inventories used		(8,478)	(8,265)
Staff costs		(31,100)	(24,229)
Depreciation of property, plant and equipment		(2,454)	(2,334)
Other expenses		(9,618)	(8,865)
Finance costs	6	(439)	(264)
Listing expenses		(9,152)	(3,570)
		<hr/>	<hr/>
Profit before tax	7	5,884	17,354
Income tax expense	8	(2,556)	(3,617)
		<hr/>	<hr/>
Profit and total comprehensive income for the year attributable to owners of the Company		3,328	13,737
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share, basic (HK cents)	10	0.94	4.12
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		4,094	4,917
Rental deposits		–	1,887
		<u>4,094</u>	<u>6,804</u>
Current assets			
Inventories		2,444	2,137
Trade receivables	11	313	616
Other receivable, deposits and prepayments		3,282	1,200
Amount due from a director		–	3,488
Tax recoverable		167	–
Bank balances and cash		48,023	25,468
		<u>54,229</u>	<u>32,909</u>
Current liabilities			
Trade payables	12	418	429
Accrued liabilities		3,200	2,515
Deferred revenue		7,395	6,389
Tax payable		–	1,599
Borrowings	13	–	17,831
Obligations under finance leases	14	–	212
		<u>11,013</u>	<u>28,975</u>
Net current assets		<u>43,216</u>	<u>3,934</u>
Total assets less current liabilities		<u>47,310</u>	<u>10,738</u>
Non-current liabilities			
Obligations under finance leases	14	–	110
Deferred tax liability		127	242
		<u>127</u>	<u>352</u>
Net assets		<u>47,183</u>	<u>10,386</u>
Capital and reserves			
Share capital	15	4,000	–
Reserves		43,183	10,386
		<u>47,183</u>	<u>10,386</u>
Equity attributable to owners of the Company		<u>47,183</u>	<u>10,386</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (note)	Retained profits HK\$'000	
At 1 April 2014	–	–	581	5,619	6,200
Profit and total comprehensive income for the year	–	–	–	13,737	13,737
Recognition of equity- settled share-based payments (note)	–	–	999	–	999
Dividend recognised as distribution (note 9)	–	–	–	(10,550)	(10,550)
At 31 March 2014	–	–	1,580	8,806	10,386
Profit and total comprehensive income for the year	–	–	–	3,328	3,328
Recognition of equity- settled share-based payments (note)	–	–	999	–	999
Issue of shares (note 15d)	667	39,334	–	–	40,001
Capitalisation issue (note 15e)	3,333	(3,333)	–	–	–
Transaction costs attributable to issue of shares	–	(4,331)	–	–	(4,331)
Dividend recognised as distribution (note 9)	–	–	–	(3,200)	(3,200)
At 31 March 2015	4,000	31,670	2,579	8,934	47,183

Note: Capital reserve represents deemed contribution from the controlling shareholder (i.e. Dr. Kong Kwok Leung (“**Dr. Kong**”)) arising from the share reward granted to a staff member of the Group by Dr. Kong for the services rendered to the Group. The fair value of services received, which is determined by reference to the fair value of the share reward at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in capital reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 20 June 2014. The shares of the Company have been listed on GEM of the Stock Exchange since 18 December 2014 (the “**Listing**”). The address of its registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Its principal place of business is located at Room 1206, Tak Shing House, 20 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of medical skin care services.

Pursuant to the reorganisation detailed in the prospectus of the Company dated 12 December 2014 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group on 12 July 2014. Its immediate and ultimate holding company is Topline Worldwide Limited (“**Topline**”), a company incorporated in the British Virgin Islands. The ultimate controlling party is Dr. Kong. The Company and its subsidiaries have been under the common control of Dr. Kong throughout the two years ended 31 March 2014 and 2015 or since their respective date of incorporation, where there is a shorter period.

The Group resulting from the reorganisation as described in the Prospectus (the “**Reorganisation**”) is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on the basis as if the Company had always been the holding company of the Group. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the two years ended 31 March 2014 and 2015 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the two years ended 31 March 2014 and 2015, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date taking into account the respective dates of incorporation, where applicable.

The functional currency of the Company is Hong Kong dollars, which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has consistently applied all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are effective for the Group’s financial year beginning on 1 April 2014 for both current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ²
Amendments to HKAS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKAS 27	Equity method in separate financial statements ²
Amendments to HKAS 19	Defined benefit plans: Employee contributions ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁶
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ²
HKFRS 9	Financial instruments ⁴
HKFRS 14	Regulatory deferral accounts ⁵
HKFRS 15	Revenue from contracts with customers ³

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2017.

⁴ Effective for annual periods beginning on or after 1 January 2018.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The Directors anticipate that the application of these new or revised standards will have no material impact on the Group’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts and refund. The Group’s operating activities are attributable to a single operating segment focusing on provision of consultation services (“**Consultation Service**”), prescription and dispensing of medication and skincare products (“**Prescription and Dispensing Service**”) and provision of medical skin care treatments of non-invasive/minimally invasive in nature (“**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 and Mr. Lo Kwok Bun, Directors of the Company, have been identified as the chief operating decision makers (“**CODM**”). The CODM review 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.

Revenue from major products and services

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Consultation Service	4,201	4,592
Prescription and Dispensing Service	30,736	32,126
Treatment Service	31,801	28,323
	<u>66,738</u>	<u>65,041</u>

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 location of the Group's non-current assets is situated in Hong Kong based on physical location of assets.

Information about major customers

During each of the years ended 31 March 2015 and 2014, there was no revenue from any customer who individually contributing over 10% of the total revenue of the Group.

5. OTHER INCOME, GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest income on bank deposits	64	–
Loss on write off of property, plant and equipment	(2)	–
Gain on disposal of property, plant and equipment	360	–
Net foreign exchange gain (loss)	30	(126)
Allowance for bad and doubtful debts	(65)	(34)
	<u>387</u>	<u>(160)</u>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interests on:		
Borrowings wholly repayable within five years	430	240
Finance leases wholly repayable within five years	9	24
	<u>439</u>	<u>264</u>

7. PROFIT BEFORE TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Auditor's remuneration	550	280
Allowance for inventories	208	189
Staff costs		
Directors' emoluments	1,679	1,188
Other staff costs		
— salaries, allowance and other benefits	27,766	21,497
— share-based payments	999	999
— contributions to retirement benefits schemes	656	545
	31,100	24,229
Depreciation of property, plant and equipment		
— owned assets	2,359	2,097
— leased assets	95	237
	2,454	2,334

8. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Income tax expense comprises:		
Hong Kong Profits Tax		
Current year	2,656	3,738
Underprovision in prior years	15	10
	2,671	3,748
Deferred tax credit	(115)	(131)
	2,556	3,617

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year.

9. DIVIDENDS

No dividend was paid or declared by the Company from its incorporation to the end of year ended 31 March 2015.

During the year ended 31 March 2015, a dividend of HK\$3,200,000 (2014: HK\$10,550,000) was distributed by Multiple Profit Enterprise Limited (“**Multiple Profit**”), a wholly owned subsidiary of the Company after the Reorganisation, to its then shareholders.

Subsequent to the end of the reporting period, a final dividend of HK0.25 cent per share in respect of the year ended 31 March 2015, amounting to HK\$1,000,000, have been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u>3,328</u>	<u>13,737</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>352,510</u>	<u>333,332</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 15) had been effective on 1 April 2013.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

11. TRADE RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	384	650
Less: Allowance for bad and doubtful debts	<u>(71)</u>	<u>(34)</u>
	<u>313</u>	<u>616</u>

The clients of the Group would usually settle payments by cash, credit cards, Easy Pay System (“**EPS**”) or medical cards. For credit card and EPS payments, the banks will normally settle the amounts a few days after the trade date. Payments by clients using medical cards will normally be settled by the medical card issuing companies within 60 to 90 days from the invoice dates.

The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the trade dates for the receivables from the clients settle payments by credit cards and EPS and invoice dates for the receivables from the clients and medical card issuing companies at the end of the reporting period, which approximate the respective revenue recognition dates.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	292	572
31–60 days	21	1
61–90 days	–	43
	<u> </u>	<u> </u>
Total	<u> </u> 313	<u> </u> 616

Before accepting any medical cards, the Group assesses the credit quality of the companies issuing the medical cards by evaluating their historical credit records and defines credit limits by corporates. Recoverability and credit limit of the corporates are reviewed by the Group regularly.

The Group's trade receivables were not past due nor impaired at the end of each reporting period and were due from debtors which do not have historical default of payments.

12. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	418	272
31–60 days	–	157
	<u> </u>	<u> </u>
	<u> </u> 418	<u> </u> 429

13. BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unsecured floating-rate bank loans	–	17,774
Unsecured fixed-rate loans from a financial institution other than a bank	–	57
	<u> </u>	<u> </u>
	<u> </u> –	<u> </u> 17,831
Carrying amount repayable*:		
Within one year	–	6,684
More than one year, but not exceeding two years	–	3,813
More than two years, but not more than five two years	–	7,334
	<u> </u>	<u> </u>
	<u> </u> –	<u> </u> 17,831

* The amount due was presented based on scheduled repayment dates set out in the loan agreement.

During the year ended 31 March 2015, the borrowings were repaid following the Listing.

14. OBLIGATIONS UNDER FINANCE LEASES

	Maximum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable under finance leases:				
Within one year	-	223	-	212
In more than one year but not more than two years	-	111	-	110
In more than two years but not more than five years	-	-	-	-
	-	334	-	322
Less: Future finance charges	-	(12)	-	N/A
Present value of lease obligations	-	322	-	322
Less: Amounts due for settlement within one year (shown as current liabilities)			-	(212)
Amounts due for settlement after one year			-	110

The Group leased certain of its medical equipment under finance leases. The average lease term was 3 years. As at 31 March 2014, interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 3.8% to 4.8% per annum. During the year ended 31 March 2015, all obligations under finance leases were repaid following the Listing. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets and personal guarantee provided by Dr. Kong. As at the date of issuance of these financial statements, the guarantees provided by Dr. Kong have been released.

15. SHARE CAPITAL

The share capital at 31 March 2014 represented the issued and fully paid share capital of Multiple Profit. As at 1 April 2013 and 31 March 2014, 1 share of US\$1 each was issued by Multiple Profit and the share was fully paid by the shareholder.

The share capital at 31 March 2015 represented the issued share capital of the Company as detailed below.

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
On date of incorporation on 20 June 2014 (<i>note a</i>)	38,000,000	380
Increase on 3 December 2014 (<i>note b</i>)	962,000,000	9,620
At 31 March 2015	1,000,000,000	10,000

	Number of shares	Share capital HK\$'000
Issued:		
1 share allotted and issued, fully paid at par on the date of incorporation (<i>note a</i>)	1	–
Issue of shares on 12 July 2014 pursuant to the Reorganisation (<i>note c</i>)	99	–
Issue of shares (<i>note d</i>)	66,668,000	667
Capitalisation issue (<i>note e</i>)	<u>333,331,900</u>	<u>3,333</u>
At 31 March 2015	<u>400,000,000</u>	<u>4,000</u>

Notes:

- (a) The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On 20 June 2014, one subscriber share was allotted and issued.
- (b) Pursuant to the written resolutions passed by the shareholders on 3 December 2014, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares to HK\$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of additional 962,000,000 new ordinary shares which shall, when issued, rank pari passu in all respects with the existing issued ordinary shares.
- (c) On 12 July 2014, the Company issued and allotted a further 99 shares of which 97 of such shares were issued and allotted to Topline and 2 of such shares were issued and allotted to Attractive Beauty Limited, a company wholly owned by Dr. Lam Yee Ming Alice, a cooperative partner of the Group, pursuant to the Reorganisation.
- (d) On 17 December 2014, the Company placed 66,668,000 new shares at HK\$0.6 per share for a total gross proceeds of approximately HK\$40,001,000. The proceeds will be used to finance the implementation plan as set forth in the section headed “Statement of Business Objective and Use of Proceeds” of the Prospectus.
- (e) Pursuant to the written resolutions passed by the shareholders of the Company on 3 December 2014, after the share premium account of the Company being credited as a result of the placing of the Company’s shares, the Directors were authorised to capitalise the amount of HK\$3,333,319 from the share premium account of the Company and to apply such amount as to pay up in full at par a total 333,331,900 ordinary shares of HK\$0.01 each for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 3 December 2014 in proportion to their then existing shareholdings in the Company (the “**Capitalisation Issue**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical skin care group operating two medical skin care centres (“**Medicskin Centres**”) in Hong Kong that 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. These services are provided via the Group’s Consultation Service, Prescription and Dispensing Service and Treatment Service.

During the year ended 31 March 2015, the revenue of the Consultation Service, Prescription and Dispensing Service and Treatment Service accounted for approximately 6.3%, 46.0%, and 47.7% of the total revenue of the Group respectively.

The Listing by way of placing (the “**Placing**”), which marked a step forward of the Group into its next stage of growth. The Listing has strengthened the Group’s financial position with the net proceeds raised in connection with the Listing and has provided the Group with additional avenues to raise capital for future expansion. It has also enhanced the Group’s profile and its future development potential in the medical skin care industry.

The year 2014 was a challenging year for the Group. The general consumer sentiment in Hong Kong experienced a decrease due to the slowdown of economic growth in Hong Kong and the PRC with a series of social issues occurring in Hong Kong during the period. Retail sector in Hong Kong was affected in the first place under these circumstances. As one of the providers of medical skin care service, our business was inevitably affected. Moreover, competition in the industry is becoming more and more intensified. Hence it would not be an easy task to maintain our position.

For the year ended 31 March 2015, the revenue of the Group increased slightly by approximately HK\$1.7 million, or 2.6% to approximately HK\$66.7 million. The increase in revenue was primarily attributable to the lengthening of opening hours for the Group’s Medicskin Centres since October 2013, which has provided better accessibility and convenience to the clients and in turn increased the client flow as well as the frequency of client visits from Treatment Service. In order to expand its market share, the Group is preparing and planning to open its third medical skin care centre in Hong Kong to provide diversified medical skin care services to our clients. Moreover, the Group acquired two sets of new treatment devices deploying high-intensity ultrasound energy technology targeting abdominal fat and waistline contouring and deploying erbium yag laser targeting acne scar and skin resurfacing respectively in the year under review. The Directors believes that the introduction of new treatment is the main driving force for the growth of the medical skin care industry in Hong Kong, and one of the significant ways to maintain our Group’s competitiveness and its leading position in the field.

OUTLOOK

2015 will be a year full of opportunities. Despite potential fluctuations in the global, Hong Kong and PRC economies and slowdown in economic growth in the near future, our professional management team faces all these challenges head on as part of our Group's growth process.

The Group remains confident about the future of the medical skin care industry in the region, especially as it is still at a relatively early stage in the PRC. The demand for such services is expected to increase in the PRC, providing opportunities for comparatively more experienced and mature medical skin care providers from Hong Kong to expand their presence onto the mainland to meet such demand. Continuing technological innovation and improvement by manufacturers of treatment equipment also offers growth opportunities within the industry for all players.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$1.7 million, or 2.6%, from approximately HK\$65.0 million for the year ended 31 March 2014 to approximately HK\$66.7 million for the year ended 31 March 2015. The increase was primarily attributable to the lengthening of opening hours for the Group's Medicskin Centres since October 2013, which has provided better accessibility and convenience to the clients and in turn increased the client flow as well as the frequency of client visits from Treatment Service.

Inventories used

The Group's cost of inventories used remained stable at approximately HK\$8.5 million and HK\$8.3 million for the years ended 31 March 2015 and 2014 respectively, representing 12.7% and 12.8% of the revenue for the respective years.

Staff costs

Staff costs increased by approximately HK\$6.9 million, or 28.5%, from approximately HK\$24.2 million for the year ended 31 March 2014 to approximately HK\$31.1 million for the year ended 31 March 2015. The increase was primarily attributable to (i) the compensation paid to Dr. Kong of approximately HK\$5.2 million since 1 April 2014 pursuant to his cooperation agreement, as defined in the Prospectus (the "**Cooperation Agreement**"); (ii) the full year effect of staff costs attributable to the increase in total headcount during the year ended 31 March 2014; and (iii) the annual salary revision for the staff.

Depreciation of property, plant and equipment

Depreciation expenses remained stable at approximately HK\$2.5 million and HK\$2.3 million for the years ended 31 March 2015 and 2014 respectively.

Other expenses

Other expenses increased by approximately HK\$0.7 million, or 7.9%, from approximately HK\$8.9 million for the year ended 31 March 2014 to approximately HK\$9.6 million for the year ended 31 March 2015. The increase was primarily attributable to the increase in rental expenses and ancillary costs of the premises (including management fee, air conditioning charges and government rates) by approximately HK\$0.7 million following the leasing of a new unit located on the 10th Floor of Tak Shing House in Central in January 2014.

Listing expenses

During the year ended 31 March 2015, the Group recognised non-recurring actual listing expenses of approximately HK\$9.2 million (2014: HK\$3.6 million) as expenses in connection with the Listing.

Income tax expense

Income tax expense decreased by approximately HK\$1.0 million, or 27.8%, from approximately HK\$3.6 million for the year ended 31 March 2014 to approximately HK\$2.6 million for the year ended 31 March 2015. The decrease was primarily attributable to the decrease in profit before tax, excluding the effect of non-deductible expenses such as share-based payments and actual listing expenses.

Profit for the year

As a result of the foregoing, in particular and as highlighted in the Prospectus, the increase in actual listing expenses of approximately HK\$5.6 million recognised as expenses in connection with the Listing for the year ended 31 March 2015 and the professional fees paid to Dr. Kong of approximately HK\$5.2 million since 1 April 2014 under the Cooperation Agreement, the profit for the year decreased by approximately HK\$10.4 million, or 75.9%, from approximately HK\$13.7 million for the year ended 31 March 2014 to approximately HK\$3.3 million for the year ended 31 March 2015.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group's shares were successfully listed on GEM of the Stock Exchange on 18 December 2014. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares.

The total equity of the Group as at 31 March 2015 was approximately HK\$47.2 million (2014: HK\$10.4 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK\$48.0 million as at 31 March 2015 (2014: HK\$25.5 million), with no external borrowing (2014: HK\$17.8 million). The Group's gearing ratio as at 31 March 2015 was nil (2014: 174.8%). Gearing ratio equals total debt (includes all interest-bearing loans and obligations under finance leases) divided by total equity as at the end of the year. As at 31 March 2015, the Group had net current assets of approximately HK\$43.2 million (2014: HK\$3.9 million).

Cash generated from operations for the year ended 31 March 2015 was approximately HK\$10.9 million (2014: HK\$25.5 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

During the year ended 31 March 2015, there was no significant investment held by the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and Medicskin Centres. As at 31 March 2015, the Group's operating lease commitments amounted to approximately HK\$3.4 million (2014: HK\$8.0 million).

As at 31 March 2015, the Group did not have any significant capital commitments (2014: Nil).

CONTINGENT LIABILITIES

As at 31 March 2015, the Group did not have material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

Details of charges on the Group's assets are set out in note 14 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed a total of 54 full-time and 4 part-time employees (2014: 57 full-time and 6 part-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$31.1 million for the year ended 31 March 2015 (2014: HK\$24.2 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2015 (the "AGM") will be held on Monday, 27 July 2015. A notice convening the meeting will be issued and sent to the shareholders of the Company in due course.

DIVIDENDS

During the year ended 31 March 2015, a dividend of HK\$3.2 million (2014: approximately HK\$10.6 million) was distributed by Multiple Profit to its then shareholders.

The Board recommends the payment of a final dividend of HK0.25 cent per ordinary share of the Company for the year ended 31 March 2015 to the shareholders whose names appear on the register of members of the Company on Tuesday, 4 August 2015. Subject to the approval of Company's shareholders at the AGM, the final dividend will be posted on Friday, 14 August 2015 by ordinary mail to the shareholders.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year ended 31 March 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 July 2015 to Monday, 27 July 2015, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 July 2015.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Friday, 31 July 2015 to Tuesday, 4 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at the above address for registration not later than 4:30 p.m. on Thursday, 30 July 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the date of the Listing to 31 March 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a good corporate governance standard, with the chairman being primarily responsible for establishing relevant practices and procedures. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate its business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen accountability to shareholders and creditors. Therefore the Board has reviewed and will continue to review and improve the Company's corporate governance practices from time to time.

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 the Board is satisfied that the Company had complied with the CG Code during the period from the date of the Listing to 31 March 2015, except for one deviation in relation to provision F.1.2 of the CG Code. Pursuant to provision F.1.2, the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution in June 2014. The Board considers that, as the Company only had a sole director at the time, there was no need to approve the matter by a physical board meeting instead of a written resolution.

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 period from the date of the Listing to 31 March 2015.

AUDIT COMMITTEE

The Company had established its audit committee (the “**Audit Committee**”) on 3 December 2014 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and review the Company’s financial information.

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 audited consolidated financial statements of the Group for the year ended 31 March 2015 and this announcement and is of the view that such results and the annual report complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made. The Audit Committee has also reviewed the effectiveness of the internal control system of the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 19 June 2015

As at the date of this announcement, the executive Directors are Dr. Kong Kwok Leung, Mr. Lo Kwok Bun and Ms. Kong Chung Wai, 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 of the Company 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's website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.medicskin.com.