



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 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 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.

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, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

For the six months ended 30 September 2015

- The Group's revenue amounted to approximately HK\$30.2 million for the six months ended 30 September 2015, representing a decrease of approximately HK\$3.2 million, or 9.6%, as compared to the six months ended 30 September 2014.
- The profit and total comprehensive income for the six months ended 30 September 2015 attributable to the owners of the Company was approximately HK\$1.1 million, representing a decrease of approximately HK\$0.2 million, or 15.4%, as compared to the six months ended 30 September 2014.
- The Board resolved to declare the payment of a special dividend of HK1.5 cents per share for the six months ended 30 September 2015.

UNAUDITED INTERIM RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2015 together with the comparative unaudited figures for the corresponding period of last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 September 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	2	14,413	16,270	30,166	33,387
Other income, gains and losses		(170)	20	(180)	(15)
Inventories used		(1,933)	(2,012)	(3,907)	(4,065)
Staff costs		(8,101)	(7,588)	(16,942)	(15,313)
Depreciation of property, plant and equipment		(623)	(605)	(1,277)	(1,200)
Other expenses		(3,357)	(2,196)	(6,320)	(4,379)
Finance costs	3	–	(141)	–	(297)
Listing expenses		–	(3,093)	–	(5,421)
Profit before tax	4	229	655	1,540	2,697
Income tax expense	5	(189)	(663)	(475)	(1,425)
Profit (loss) and total comprehensive income (loss) for the period attributable to owners of the Company		40	(8)	1,065	1,272
Earnings (losses) per share, basic (HK cent)	7	0.01	(0.002)	0.27	0.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	30 September	31 March
	2015	2015
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	5,854	4,094
Rental deposits	1,561	–
	7,415	4,094
Current assets		
Inventories	2,765	2,444
Trade receivables	256	313
Other receivable, deposits and prepayments	2,014	3,282
Tax recoverable	633	167
Bank balances and cash	44,958	48,023
	50,626	54,229
Current liabilities		
Trade payables	485	418
Accrued liabilities	2,727	3,200
Deferred revenue	6,908	7,395
	10,120	11,013
Net current assets	40,506	43,216
Total assets less current liabilities	47,921	47,310
Non-current liability		
Deferred tax liability	127	127
Net assets	47,794	47,183
Capital and reserves		
Share capital	4,000	4,000
Reserves	43,794	43,183
Equity attributable to owners of the Company	47,794	47,183

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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. 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 2015, except for the accounting policy used for the first time in the current period as disclosed below. The interim financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options issued to employees and other eligible persons are measured at the fair value of the share options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). For those which are effective for accounting period beginning on 1 April 2015, the application has no material impact on the reported results and financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Directors anticipate that the application of those new and revised HKFRSs will have no material on the Group's results and financial position.

2. 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/or skincare products ("**Prescription and Dispensing Service**"), provision of medical skin care treatments which are non-invasive/minimally invasive in nature ("**Treatment Service**") and sale of skincare products ("**Sale of Skincare Products**"). 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**") and Mr. Lo Kwok Bun, two of the 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.

The following is an analysis of the Group's revenue:

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultation Service	1,733	2,252
Prescription and Dispensing Service	14,039	15,673
Treatment Service	14,391	15,462
Sale of Skincare Products	3	–
	<u>30,166</u>	<u>33,387</u>

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 review 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.

3. FINANCE COSTS

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on:		
Borrowings wholly repayable within five years	–	290
Finance leases wholly repayable within five years	–	7
	<u>–</u>	<u>297</u>

4. PROFIT BEFORE TAX

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts	15	73
Allowance for inventories	42	147
Auditor's remuneration	258	138
Depreciation of property, plant and equipment		
— owned assets	1,277	1,137
— leased assets	—	63
	<u>1,277</u>	<u>1,200</u>
Interest income on bank deposits	(163)	(4)
Loss on disposal of property, plant and equipment	2	2
Net foreign exchange loss (gain)	327	(55)
Staff costs		
Directors' emoluments	1,417	618
Other staff costs		
— salaries, allowance and other benefits	14,643	13,885
— share-based payments	546	501
— contributions to retirement benefits schemes	336	309
	<u>16,942</u>	<u>15,313</u>

5. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises:		
Current year Hong Kong Profits Tax	475	1,463
Deferred tax charge	—	(38)
	<u>475</u>	<u>1,425</u>

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

6. DIVIDENDS

During the six months ended 30 September 2014, an interim dividend of HK\$3,200,000 was distributed by Multiple Profit Enterprise Limited (“**Multiple Profit**”), a wholly owned subsidiary of the Company after the reorganisation as described in the prospectus of the Company dated 12 December 2014 (the “**Prospectus**”) (the “**Reorganisation**”), to its then shareholders.

A final dividend in respect of the year ended 31 March 2015 of HK0.25 cent per share, amounting to HK\$1,000,000, was declared and distributed by the Company to the shareholders during the six months ended 30 September 2015.

Subsequent to the end of the reporting period, the Board resolved to declare the payment of a special dividend of HK1.5 cents per share, amounting to HK\$6,000,000, for the six months ended 30 September 2015.

7. EARNINGS (LOSSES) PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings (losses):				
Earnings (losses) for the purpose of calculating basic earnings (losses) per share (profit (loss) for the period attributable to owners of the Company)	<u>40</u>	<u>(8)</u>	<u>1,065</u>	<u>1,272</u>
	'000	'000	'000	'000
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings (losses) per share	<u>400,000</u>	<u>333,332</u>	<u>400,000</u>	<u>333,332</u>

The number of ordinary shares for the purpose of calculating basic earnings (losses) per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) had been effective on 1 April 2014.

In current period, the computation of earnings per share does not consider the effect of the Company's outstanding share options as the adjusted exercise price of those options were higher than the average market price of shares.

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

8. TRADE RECEIVABLES

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 Easy Pay System; 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.

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
0–30 days	246	292
31–60 days	5	21
61–90 days	5	–
	<hr/>	<hr/>
Total	256	313
	<hr/> <hr/>	<hr/> <hr/>

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.

9. 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:

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
0–30 days	485	418
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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.

The listing of the Company’s shares on GEM on 18 December 2014 (the “**Listing**”) by way of placing 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 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.

During the six months ended 30 September 2015, the revenue derived from the Consultation Service, Prescription and Dispensing Service and Treatment Service accounted for approximately 5.7%, 46.5%, and 47.7% of the total revenue of the Group respectively. For the six months ended 30 September 2015, the revenue of the Group decreased by approximately HK\$3.2 million, or 9.6%, when compared to the six months ended 30 September 2014, to approximately HK\$30.2 million. The decrease in revenue was primarily attributable to the decrease in general consumer sentiment in Hong Kong due to the slowdown of economic growth in Hong Kong and the People’s Republic of China (the “**PRC**”) and the increasingly intensified competition in the industry.

The Group is devoted to continuously enhancing the quality and variety of its services. During the period under review, we acquired an additional medical device deploying intense focused ultrasound technology targeting skin laxity problems; and a new medical device deploying dual wave length and dual pulse laser featuring picosecond technology targeting benign pigmented lesion. We believe that the introduction of new medical devices is one of the main driving forces for the growth of the Group’s business, and a significant way to maintain our Group’s competitiveness and its leading position in the field. Moreover, the Group is preparing and planning to set up our third medical skin care centre at another prime location in Hong Kong to provide diversified, convenient and easily accessible medical skin care services to our clients, and in turn expand our market share.

We believe that it would be in our Group's interest to follow the global trend of online shopping for bringing new revenue streams to the business. In September 2015, we launched a retail website offering skincare products for sale online. This website is currently at an early trial stage; for the six months ended 30 September 2015, total marketing and operating expenses of approximately HK\$0.4 million has been spent in relation to this website. The website is managed by our new wholly-owned subsidiary, Beauty Choice Investment Limited ("**Beauty Choice**"). While the cost of setting up Beauty Choice and commencing Sale of Skincare Products was immaterial to the Group, our Group plans to commit further resources on marketing for the website to boost public awareness, as we believe that Sale of Skincare Products will make a growing contribution to the Group's future financial results.

OUTLOOK

Although the Group is facing challenges such as potential fluctuations in the global, Hong Kong and PRC economies, slowdown in economic growth in the near future and increasingly fierce competition in the medical skin care industry, the Group remains confident about the future of the medical skin care industry in the region. With the higher growth rate of female population and continuous aging trend in the population of Hong Kong and growing emphasis on a person's physical appearance in society, medical skin care services is becoming more commonplace and it is expected that more people will seek medical skin care services for improvement of their appearance in the pursuit of beauty and to improve their self-esteem, thereby supporting growth of the medical skin care industry in Hong Kong. Continuing technological innovation and improvement of treatment equipment by manufacturers also offers growth opportunities within the industry for all players.

Online consumption is a trend in the digital era and influences the local retail market. Traditional retail businesses are losing market share as people all over the world increasingly purchase goods over the Internet. As the Sale of Skincare Products is at its initial stage, the Group will continue to explore and launch new skincare products to enhance the quality, effectiveness and variety of our products and invest in infrastructure to enhance our competitiveness.

The Group will continue using our best endeavors to provide the highest quality medical skin care services and products to our clients; and strengthening its position so as to grow its brand and business.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$3.2 million, or 9.6%, from approximately HK\$33.4 million for the six months ended 30 September 2014 to approximately HK\$30.2 million for the six months ended 30 September 2015. The decrease was primarily attributable to the decrease in general consumer sentiment in Hong Kong due to the slowdown of economic growth in Hong Kong and the PRC and the increasingly intensified competition in the industry which in turn decreased the client flow as well as the frequency of client visits.

Inventories used

The Group's cost of inventories used remained stable at approximately HK\$4.1 million and HK\$3.9 million for the six months ended 30 September 2014 and 2015 respectively, representing 12.3% and 12.9% of the revenue for the respective periods.

Staff costs

Staff costs increased by approximately HK\$1.6 million, or 10.5%, from approximately HK\$15.3 million for the six months ended 30 September 2014 to approximately HK\$16.9 million for the six months ended 30 September 2015. The increase was primarily attributable to the new hiring, the annual revision of compensation to staff and our doctors.

Depreciation of property, plant and equipment

Depreciation expenses increased by approximately HK\$0.1 million, or 8.3%, from approximately HK\$1.2 million for the six months ended 30 September 2014 to approximately HK\$1.3 million for the six months ended 30 September 2015. The increase was primarily attributable to the purchases of medical equipment during the six months ended 30 September 2015.

Other expenses

Other expenses increased by approximately HK\$1.9 million, or 43.2%, from approximately HK\$4.4 million for the six months ended 30 September 2014 to approximately HK\$6.3 million for the six months ended 30 September 2015. The increase were primarily attributable to the increase in recurring professional fees incurred of approximately HK\$1.1 million since the Listing; and increase in marketing expenses and operating costs by HK\$0.4 million in relation to Sale of Skincare Products.

Listing expenses

During the six months ended 30 September 2015, no non-recurring listing expenses was recognised as expenses in connection with the Listing (for six months ended 30 September 2014: approximately HK\$5.4 million).

Income tax expense

Income tax expense decreased by approximately HK\$0.9 million, or 64.3%, from approximately HK\$1.4 million for the six months ended 30 September 2014 to approximately HK\$0.5 million for the six months ended 30 September 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 listing expenses.

Profit for the period

As a result of the foregoing, the profit for the period decreased by approximately HK\$0.2 million, or 15.4%, from approximately HK\$1.3 million for the six months ended 30 September 2014 to approximately HK\$1.1 million for the six months ended 30 September 2015.

DIVIDEND

On 11 November, 2015, the Board resolved to declare the payment of a special dividend of HK1.5 cents per share for the six months ended 30 September 2015 to the shareholders whose names appear on the register of members of the Company on Monday, 30 November 2015 and the special dividend will be posted on Thursday, 10 December 2015 by ordinary mail to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 30 November 2015. Based on 400,000,000 ordinary shares of the Company in issue as of the date of this announcement, the total dividend will amount to HK\$6.0 million.

As far as the Company is aware, as at the date of this announcement, there was no arrangement under which any shareholder has waived or agreed to waive any dividend to be distributed for the six months ended 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the special dividend, the register of members of the Company will be closed on Thursday, 26 November 2015 to Monday, 30 November 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the special 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, Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 November 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 30 September 2015 was HK\$47.8 million (31 March 2015: HK\$47.2 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK\$45.0 million as at 30 September 2015 (31 March 2015: HK\$48.0 million), with no external borrowing (31 March 2015: nil). As at 30 September 2015, the Group had net current assets of approximately HK\$40.5 million (31 March 2015: HK\$43.2 million).

Cash generated from operations for the six months ended 30 September 2015 was approximately HK\$2.1 million (six months ended 30 September 2014: HK\$7.6 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 six months ended 30 September 2015, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and in the Prospectus, the Group does not have other plans for material investments and capital assets.

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 period.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and Medicskin Centres. As at 30 September 2015, the Group's operating lease commitments amounted to approximately HK\$8.8 million (31 March 2015: HK\$3.4 million).

As at 30 September 2015, the Group did not have any significant capital commitments (31 March 2015: nil).

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2015, the Group pledged its bank balances of HK\$8.5 million (31 March 2015: nil) as securities for credit card settlement services provided by a bank to the Group.

CONTINGENT LIABILITIES

As at 30 September 2015, the Group did not have material contingent liabilities (31 March 2015: nil).

FOREIGN EXCHANGE EXPOSURE

The Group carries out its business in Hong Kong and most of its transactions are denominated in Hong Kong. The Group has a bank balance denominated in Renminbi ("**RMB**") (a foreign currency), which exposes the Group to foreign currency risk. To mitigate the currency risk, the management continually assesses and monitors the exposure of the exchange rate fluctuations and if necessary will hedge its foreign exchange exposure by entering forward foreign exchange contracts. As at 30 September 2015, a bank balance of approximately HK\$12.7 million (31 March 2015: HK\$4.5 million) was denominated in RMB.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group employed a total of 50 full-time and 5 part-time employees (31 March 2015: 54 full-time and 4 part-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$16.9 million for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$15.3 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.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) that competes or may compete, either directly or indirectly, with the business of the Group, or of any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2015.

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 the Board is satisfied that the Company had complied with the CG Code during the six months ended 30 September 2015.

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 six months ended 30 September 2015.

INTERESTS OF COMPLIANCE ADVISER

As at 30 September 2015, as notified by the Company's compliance adviser, Shenwan Hongyuan Capital (H.K.) Limited (formerly known as “Shenyin Wanguo Capital (H.K.) Limited”) (the “**Compliance Adviser**”), neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The company adopted 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.

As at 30 September 2015, there was an aggregate of 2,000,000 share options outstanding to subscribe for 2,000,000 ordinary shares of the Company pursuant to the Share Option Scheme.

AUDIT COMMITTEE

The Company had established the Audit Committee on 3 December 2014 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 2015 and this announcement and is of the view that such results complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure had been made.

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

Hong Kong, 11 November 2015

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