



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 2016**

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

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

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 2016 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 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	2	14,634	14,413	28,785	30,166
Other income, gains and losses		37	(170)	52	(180)
Inventories used		(1,901)	(1,933)	(3,594)	(3,907)
Staff costs		(7,484)	(8,101)	(14,707)	(16,942)
Depreciation of property, plant and equipment		(802)	(623)	(1,372)	(1,277)
Other expenses		(3,868)	(3,357)	(7,731)	(6,320)
Profit before tax	3	616	229	1,433	1,540
Income tax expense	4	(380)	(189)	(483)	(475)
Profit and total comprehensive income for the period attributable to owners of the Company		<u>236</u>	<u>40</u>	<u>950</u>	<u>1,065</u>
Earnings per share, basic (HK cent)	6	<u>0.06</u>	<u>0.01</u>	<u>0.24</u>	<u>0.27</u>
Earnings per share, diluted (HK cent)	6	<u>0.06</u>	<u>N/A</u>	<u>0.24</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016 <i>HK\$'000</i> (unaudited)	31 March 2016 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	7	8,903	5,488
Rental deposits		2,554	2,822
Deposits paid for purchase of property, plant and equipment		—	1,305
		<u>11,457</u>	<u>9,615</u>
Current assets			
Inventories		2,797	2,958
Trade receivables	8	791	311
Deposits and prepayments		1,307	1,871
Tax recoverable		1,159	812
Pledged bank deposits		8,500	8,500
Bank balances and cash		15,895	30,032
		<u>30,449</u>	<u>44,484</u>
Current liabilities			
Trade payables	9	559	508
Accrued liabilities		2,767	2,021
Deferred revenue		8,954	7,675
Dividend payable		—	6,000
		<u>12,280</u>	<u>16,204</u>
Net current assets		<u>18,169</u>	<u>28,280</u>
Total assets less current liabilities		<u>29,626</u>	<u>37,895</u>
Non-current liability			
Deferred tax liability		270	127
Net assets		<u>29,356</u>	<u>37,768</u>
Capital and reserves			
Share capital		4,000	4,000
Reserves		25,356	33,768
Equity attributable to owners of the Company		<u>29,356</u>	<u>37,768</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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 2016. The interim financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). For those which are effective for accounting period beginning on 1 April 2016, the application has no material impact on the Group's financial performance and positions for the current and/or prior accounting periods. For those which are not yet effective, except for HKFRS 16 "Leases", the Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's financial statements.

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 including sale of skincare products ("Prescription and Dispensing Service") and provision of medical skin care treatments ("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") and Mr. Lo Kwok Bun, two of the Directors, 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.

Revenue by services and products

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Consultation Service	2,083	1,733
Prescription and Dispensing Service	12,259	14,042
Treatment Service	14,443	14,391
	<u>28,785</u>	<u>30,166</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. PROFIT BEFORE TAX

Six months ended	
30 September	
2016	2015
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Profit before tax has been arrived at after charging (crediting):

Allowance for bad and doubtful debts	7	15
Allowance for inventories	(38)	42
Depreciation of property, plant and equipment	1,371	1,277
Gain on disposal of property, plant and equipment	(30)	–
Interest income on bank deposits	(39)	(163)
Loss on write-off of property, plant and equipment	15	2
Net foreign exchange loss	1	327
Staff costs		
Directors' emoluments	1,288	1,417
Other staff costs		
– salaries, allowance and other benefits	12,585	14,643
– share-based payments	555	546
– contributions to retirement benefits schemes	279	336
	14,707	16,942

4. INCOME TAX EXPENSE

Six months ended	
30 September	
2016	2015
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Income tax expense comprises:

Current year Hong Kong Profits Tax	340	475
Deferred tax charge	143	–
	483	475

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

5. DIVIDENDS

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.

A final dividend of HK0.25 cent per share and a special dividend of HK2.25 cents per share in respect of the year ended 31 March 2016, amounting to HK\$1,000,000 and HK\$9,000,000 respectively, were approved by the shareholders in the annual general meeting and distributed by the Company to the shareholders during the six months ended 30 September 2016.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (2015: Nil).

6. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings:				
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>236</u>	<u>40</u>	<u>950</u>	<u>1,065</u>
	'000	'000	'000	'000
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	400,000	400,000	400,000	400,000
Effect of diluting potential ordinary shares:				
Share options issued by the Company	<u>64</u>	N/A	<u>197</u>	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>400,064</u>	<u>N/A</u>	<u>400,197</u>	<u>N/A</u>

In prior 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 was higher than the average market price of shares.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired property, plant and equipment of approximately HK\$4,801,000 (six months ended 30 September 2015: HK\$3,041,000).

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 2016 HK\$'000 (unaudited)	As at 31 March 2016 HK\$'000 (audited)
0-30 days	695	278
31-60 days	34	33
61-90 days	62	–
	<hr/>	<hr/>
Total	791	311
	<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 2016 HK\$'000 (unaudited)	As at 31 March 2016 HK\$'000 (audited)
0-30 days	<u><u>559</u></u>	<u><u>508</u></u>

10. EVENTS AFTER THE REPORTING PERIOD

On 29 September 2016, a subscription agreement was entered into between the Company and Rich Unicorn Holdings Limited (“**Rich Unicorn**”), a company incorporated in the British Virgin Islands with limited liability, pursuant to which the Company has conditionally agreed to allot and issue, and Rich Unicorn has conditionally agreed to subscribe for, 80,000,000 subscription shares at the subscription price of HK\$0.648 per subscription share (the “**Subscription**”). Rich Unicorn is beneficially owned by Fullshare Holdings Limited (“**Fullshare**”), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607). The completion of the Subscription took place on 25 October 2016. Details of the Subscription are set out in the announcements of the Company dated 29 September 2016 and 25 October 2016.

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.

During the six months ended 30 September 2016, the revenue derived from the Consultation Service, Prescription and Dispensing Service and Treatment Service accounted for approximately 7.2%, 42.6%, and 50.2% of the total revenue of the Group respectively. For the six months ended 30 September 2016, the revenue of the Group decreased by approximately HK\$1.4 million, or 4.6%, when compared to the six months ended 30 September 2015, to approximately HK\$28.8 million. The decrease in revenue was primarily attributable to the decrease in general consumer sentiment due to the slowdown of economic growth in Hong Kong, the People’s Republic of China (the “**PRC**”) and the global economy, and the increasingly intensified competition in the industry.

In May 2016, the Group’s Medicskin Centre in Central (“**Central Medicskin Centre**”) was relocated from Tak Shing House to New World Tower II, which occupies the whole 21st floor of New World Tower II, with around 5,000 square feet in gross floor area. The new Central Medicskin Centre with elegant décor provides better facilities and a more comfortable environment to our clients and enhances their experience. We believe this in turn will enhance clients’ satisfaction and in long term bring additional revenue to the Group.

On 29 September 2016, a subscription agreement was entered into between the Company and Rich Unicorn, pursuant to which the Company has conditionally agreed to allot and issue, and Rich Unicorn has conditionally agreed to subscribe for, 80,000,000 subscription shares at the subscription price of HK\$0.648 per subscription share. Rich Unicorn is beneficially owned by Fullshare. The completion of the Subscription took place on 25 October 2016. The gross proceeds from the Subscription are approximately HK\$51,840,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$1,900,000, are estimated to be approximately HK\$49,940,000. The Company intends to use the majority of the net proceeds from the Subscription of approximately HK\$40,000,000 for acquisition of premises and approximately HK\$1,600,000 for initial set-up costs in relation to a new medical skin care centre to be established in a prime district in Hong Kong in the second quarter of 2017. Due to the continued increase in rent of office buildings in prime locations in Hong Kong, the Company considers that if there is appropriate property in the market and the Company has sufficient financial resources, it will be in the long term interests of the Company and its shareholders to have its medical skin care centres operating in self-owned properties. The Board considers that, while broadening the shareholder base of the Company, the Subscription represents a valuable opportunity for the Company to bring in a renowned investor with strong financial resources and extensive business network, which in turn would bring strategic value to the Group. The Board also believes that Fullshare becoming a shareholder of the Company will provide synergy to the Group in the development of its business in the medical skin care industry.

OUTLOOK

It is expected that since Hong Kong, the PRC and the global economy will continue to fluctuate in the year to come and there will be increasingly fierce competition in the medical skin care industry, the Group's business will more or less be affected. Nevertheless, with the higher growth rate of female population in Hong Kong, continuous aging trend in the population of Hong Kong and growing emphasis on a person's physical appearance in the society, medical skin care services is becoming more commonplace and it is expected that more people will seek skin care services for improvement of their appearance in 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 device by manufacturers also offer growth opportunities within the industry for all players.

The government of Hong Kong has been considering to tighten up the regulation(s) governing beauty industry and is currently reviewing the existing legislation(s) with a view to enacting laws or amending the existing legislation to distinguish between medical treatment and beauty treatment and to implement regulatory controls over certain cosmetic procedures in order to protect the interests and safety of the public. Such review or amendment of the existing legislation may introduce a change in compliance standards in connection with delivery of treatments, and may ultimately bring higher level of confidence to customers, enhance the level of safety in the industry and increase the total spending in the market.

Online consumption is a trend in the digital era and influences the local retail market. Traditional retail businesses are losing market share as people from all over the world are increasingly purchasing goods over the Internet. The Group will continue to explore and launch new skincare products to enhance the quality, effectiveness and variety of its products and explore different sales channel and platform for sale of its skincare products to enhance its competitiveness.

The Group will continue to use its best endeavors to provide the highest quality medical skin care services and products to its clients, and to strengthen its position so as to grow its brand and business.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$1.4 million, or 4.6%, from approximately HK\$30.2 million for the six months ended 30 September 2015 to approximately HK\$28.8 million for the six months ended 30 September 2016. The decrease was primarily attributable to the decrease in general consumer sentiment due to the slowdown of economic growth in Hong Kong, the PRC, the global economy 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\$3.6 million and HK\$3.9 million for the six months ended 30 September 2016 and 2015 respectively, representing 12.5% and 12.9% of the revenue for the respective periods.

Staff costs

Staff costs decrease by approximately HK\$2.2 million, or 13.0%, from approximately HK\$16.9 million for the six months ended 30 September 2015 to approximately HK\$14.7 million for the six months ended 30 September 2016. The decrease was primarily attributable to the decrease in the number of staff.

Depreciation of property, plant and equipment

Depreciation expenses increased by approximately HK\$0.1 million, or 7.7%, from approximately HK\$1.3 million for the six months ended 30 September 2015 to approximately HK\$1.4 million for the six months ended 30 September 2016. The increase was primarily attributable to the purchases of property, plant and equipment due to relocation of Central Medicskin Centre during the six months ended 30 September 2016.

Other expenses

Other expenses increased by approximately HK\$1.4 million, or 22.2%, from approximately HK\$6.3 million for the six months ended 30 September 2015 to approximately HK\$7.7 million for the six months ended 30 September 2016. The increase was primarily attributable to the increase in rental expenses and ancillary costs of premises (including management fee, air conditioning charges and government rates) due to the relocation of Central Medicskin Centre.

Income tax expense

Income tax expense remained stable at approximately HK\$0.5 million for each of the six months ended 30 September 2015 and 2016.

Profit for the period

As a result of the foregoing, the profit for the period decreased by approximately HK\$0.1 million, or 9.1%, from approximately HK\$1.1 million for the six months ended 30 September 2015 to approximately HK\$1.0 million for the six months ended 30 September 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group's shares were successfully listed on GEM of the Stock Exchange on 18 December 2014. The capital of the Group only comprises of ordinary shares.

The total equity of the Group as at 30 September 2016 was HK\$29.4 million (31 March 2016: HK\$37.8 million). The Group generally finances its operation with internally generated cash flows. The Group had bank balances and cash of approximately HK\$15.9 million as at 30 September 2016 (31 March 2016: HK\$30.0 million), with no external borrowing (31 March 2016: nil). As at 30 September 2016, the Group had net current assets of approximately HK\$18.2 million (31 March 2016: HK\$28.3 million).

Cash used in operations for the six months ended 30 September 2016 was approximately HK\$0.2 million (for six months ended 30 September 2015: generated from operations HK\$2.1 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. As at 30 September 2016, the Group had unused banking facilities of HK\$4.0 million (31 March 2016: HK\$4.0 million).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 September 2016, 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 2016, the Group's operating lease commitments amounted to approximately HK\$14.8 million (31 March 2016: HK\$18.7 million).

As at 30 September 2016, the Group did not have any significant capital commitments (31 March 2016: approximately HK\$465,000 in respect of acquisition of property, plant and equipment).

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2016, the Group pledged its bank balances of HK\$8.5 million (31 March 2016: HK\$8.5 million) as securities for credit card settlement services provided by a bank to the Group.

CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have material contingent liabilities (31 March 2016: 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 currently does not have significant foreign currency exposure. The management continually assesses and monitors the foreign exchange exposure and, if necessary, will hedge its foreign exchange exposure by entering forward foreign exchange contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group employed a total of 45 full-time and 3 part-time employees (31 March 2016: 49 full-time and 3 part-time employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$14.7 million for the six months ended 30 September 2016 (six months ended 30 September 2015: HK\$16.9 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.

EVENTS AFTER THE REPORTING PERIOD

Details of the event occurred after the reporting period are set out in note 10 to the interim financial statements.

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 2016.

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 2016.

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 2016.

CHANGE OF COMPLIANCE ADVISER

The Company and Shenwan Hongyuan Capital (H.K.) Limited (“**Shenwan Hongyuan**”) (formerly known as “Shenyin Wanguo Capital (H.K.) Limited”) have mutually agreed to terminate the compliance adviser agreement dated 3 December 2014 with effect from 1 August 2016 due to the consideration of fee levels.

Ample Capital Limited (“**Ample Capital**”) has been appointed as the replacement compliance adviser to the Company pursuant to Rule 6A.27 of the GEM Listing Rules with effect from 1 August 2016. For further details, please refer to the announcement of the Company dated 11 July 2016.

INTERESTS OF COMPLIANCE ADVISER

As at 30 September 2016, as notified by the Company’s compliance adviser, Ample Capital (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 2016, 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 (the “**Share Option Scheme**”) on 3 December 2014 to provide incentive and/or to reward eligible persons for their contribution to, and continuing efforts to promote the interest of, the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 30 September 2016, 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.

On 13 October 2016, a total of 400,000 ordinary shares of the Company were allotted to a grantee (other than Directors) who exercised the share options granted to him pursuant to the Share Option Scheme. As at the date of this announcement, 1,600,000 ordinary shares of the Company are issuable for options granted under 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 2016 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 2016

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 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.