MEDICSKIN HOLDINGS LIMITED
密迪斯肌控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8307)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Medicskin Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively the "**Group**") for the three months ended 30 June 2019 together with the comparative unaudited figures for the corresponding period of last year. This announcement, containing the full text of the 2019/20 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of first quarterly results. This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.medicskin.com). The printed version of the Company's 2019/20 first quarterly report will be despatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 14 August 2019

As at the date of this announcement, the executive Directors are Dr. Kong Kwok Leung, Ms. Tsui Kan, Ms. Kong Chung Wai and Ms. Sin Chui Pik Christine; and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Lee Ka Lun and Mr. Leung Siu Cheung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.medicskin.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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*This report, for which the directors (the "**Directors**") of Medicskin Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this report misleading.*

UNAUDITED FIRST QUARTERLY RESULTS

The board of directors (the "**Board**") of the Company is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months ended 30 June 2019 together with the comparative unaudited figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2019

		Three months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**13,098**	12,131
Other income, gains and losses		**(86)**	(49)
Inventories used		**(1,921)**	(1,795)
Staff costs		**(6,340)**	(5,913)
Depreciation		**(2,581)**	(1,017)
Other expenses		**(2,592)**	(5,313)
Interest expenses on lease liabilities		**(243)**	–
Loss before tax		**(665)**	(1,956)
Income tax expense	4	**(89)**	(110)
Loss for the period		**(754)**	(2,066)

	Notes	Three months ended 30 June 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Other comprehensive loss for the period			
Item that may be reclassified subsequently to profit and loss:		**(28)**	–
		(782)	(2,066)
Loss for the period attributable to:			
Owners of the Company		**(387)**	(1,102)
Non-controlling interests		**(367)**	(964)
		(754)	(2,066)
Total comprehensive loss attributable to:			
Owners of the Company		**(400)**	(1,102)
Non-controlling interests		**(382)**	(964)
		(782)	(2,066)
Loss per share, basic *(HK cent)*	6	**(0.08)**	(0.23)
Loss per share, diluted *(HK cent)*	6	**(0.08)**	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share options reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2019 (audited)	4,857	51,210	502	14	1,399	57,982	(2,893)	55,089
Loss for the period	–	–	–	–	(387)	(387)	(367)	(754)
Other comprehensive loss for the period	–	–	–	(13)	–	(13)	(15)	(28)
Total comprehensive loss for the period	–	–	–	(13)	(387)	(400)	(382)	(782)
Recognition of equity-settled share-based payments	–	–	109	–	–	109	–	109
Dividend recognised as distribution *(note 5)*	–	(19,429)	–	–	–	(19,429)	–	(19,429)
At 30 June 2019 (unaudited)	4,857	31,781	611	1	1,012	38,262	(3,275)	34,987
At 1 April 2018 (audited)	4,804	48,443	–	–	7,322	60,569	519	61,088
Loss and total comprehensive loss for the period	–	–	–	–	(1,102)	(1,102)	(964)	(2,066)
At 30 June 2018 (unaudited)	4,804	48,443	–	–	6,220	59,467	(445)	59,022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") 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. Other than changes in accounting policies resulting from application of new HKFRSs, the principal accounting policies used in the condensed consolidated financial statements for the three months ended 30 June 2019 are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2019. The condensed consolidated 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 amendments to HKFRSs. For those which are effective for accounting period beginning on 1 April 2019, except for those as described below, 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, the Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's financial statements.

2. IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 16 LEASES ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and medical equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

3. REVENUE AND SEGMENT INFORMATION

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

Disaggregation of revenue from contracts with customers:

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Consultation Service	**451**	450
Prescription and Dispensing Service	**4,032**	4,187
Treatment Service	**8,615**	7,494
	13,098	12,131

(a) Revenue from contracts with customers within the scope of HKFRS 15 Revenue by timing of revenue recognition:

	Consultation Service Three months ended 30 June		Prescription and Dispensing Service Three months ended 30 June		Treatment Service Three months ended 30 June		Total Three months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
A point in time	**–**	–	**4,032**	4,187	**–**	–	**4,032**	4,187
Over time	**451**	450	**–**	–	**8,615**	7,494	**9,066**	7,944
	451	450	**4,032**	4,187	**8,615**	7,494	**13,098**	12,131

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 30 June and 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was HK$26,592,000 and HK$24,344,000, respectively. This amount represents revenue expected to be recognised in the future from contracts for Treatment Service entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the service is rendered, which is expected to occur over the next 12 to 36 months.

The Group's operating activities are attributable to a single operating segment focusing on Consultation Service, Prescription and Dispensing Service and Treatment Service. This operating segment has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies. Dr. Kong Kwok Leung ("**Dr. Kong**"), the chief executive officer of the Company, has been identified as the chief operating decision maker ("**CODM**"). The CODM reviews the Group's revenue analysis by services and products in order to assess performance and 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.

Geographical information
The Group's operations are located in Hong Kong. All of the Group's revenue from external customers based on the location of the Group's operations is from Hong Kong.

The geographical locations of the Group's non-current assets are mostly situated in Hong Kong based on physical location of assets.

Information about major customers
During each of the three months ended 30 June 2019 and 2018, there was no revenue from any customer who individually contributing over 10% of the total revenue of the Group.

4. INCOME TAX EXPENSE

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income tax expense comprises of:		
Hong Kong Profits Tax		
Current year	**89**	110

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

Under the two tiered profits tax rates regime, the first HK$2.0 million of profits of qualifying entity will be taxed at 8.25%, and profits above HK$2.0 million will be taxed at 16.5%. For the three months ended 30 June 2018 and 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

5. DIVIDEND

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

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2019 (2018: Nil).

6. LOSS PER SHARE

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

	Three months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss:		
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	**(387)**	(1,102)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**485,736**	480,400
Effect of diluting potential ordinary shares:		
Share options issued by the Company	**–**	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**485,736**	N/A

In current period, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the three months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a medical skin care service provider in Hong Kong. Currently, the Group operates two "Medicskin" branded medical skin care centres, one anti-aging centre and one beauty spa, at the prime locations in Hong Kong, which primarily focus on the treatment of skin diseases and problems and/or the improvement of appearance of clients. The Group's anti-aging centre, with the brand "Ray Lui's Anti-aging & Health Management Centre" ("**Ray Lui Centre**"), located in Tsim Sha Tsui, provides quality and comprehensive medical aesthetic treatment that helps clients to stay healthy and young. The Group's beauty spa with the brand "MS Medicspa", located in Causeway Bay, offers extensive range of professional services from medical treatments to relaxing facial massages and body treatments in a luxurious and relaxing environment.

The Group provides wide range of services namely Consultation Service, Prescription and Dispensing Service and Treatment Service 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.

For the three months ended 30 June 2019, the revenue of the Group increased by approximately HK$1.0 million, or 8.3%, to approximately HK$13.1 million, when compared to the three months ended 30 June 2018. The revenue of Consultation Service, Prescription and Dispensing Service and Treatment Service amounted to approximately HK$0.5 million, HK$4.0 million and HK$8.6 million which accounted for approximately 3.4%, 30.8%, and 65.8% of the total revenue of the Group respectively.

More than half of the Group's revenue was derived from Treatment Service, which typically involves the injection of Botulinum Toxin Type A and hyaluronic acid, cauterisation, and treatments with the use of devices deploying technologies such as laser, radiofrequency and intense focused ultrasound.

The increase in revenue was primarily attributable to the inclusion of revenue from Ray Lui Centre and MS Medicspa which commenced operation/was acquired in June 2018. Approximately 78.8% of the Group's clients were aged between 26 to 55, while approximately 90.0% of its clients were female. Most of the Treatment Service was performed by doctors, with approximately 85.6% of the revenue from Treatment Service generated from treatments performed by doctors at the Group's centres.

The Group recorded a loss attributable to owners of the Company of approximately HK$0.4 million for the three months ended 30 June 2019, representing a decrease of approximately 63.6% from that of approximately HK$1.1 million for the three months ended 30 June 2018. The loss of the corresponding period of last year was mainly attributable to the effect of the initial start-up expenses and additional costs of approximately HK$1.7 million incurred by the Group on the development of Ray Lui Centre which only commenced formal operation in June 2018. Basic loss per share for the period was HK0.08 cent, representing a decrease of approximately 65.2% from that of HK0.23 for the corresponding period of last year.

On 29 January 2019, the Company entered into a provisional agreement for sale and purchase (the "**Provisional Agreement**") with an independent third party, pursuant to which the Company had agreed to sell the entire issued share capital in Golden Dickson (HK) Limited ("**Golden Dickson**"), a property holding company and wholly-owned subsidiary of the Company, which held a property located in Causeway Bay, and all such sum of money advanced by way of loan by the Company to Golden Dickson and due and owing by Golden Dickson to the Company, for a consideration of HK$46.0 million (the "**Disposal**"). Details of the Disposal are set out in the announcements issued by the Company dated 29 January and 31 May 2019, the circular of the Company dated 18 April 2019 and the 2018/19 annual report of the Company dated 21 June 2019. All the conditions precedent under the Provisional Agreement had been fulfilled and the completion took place on 31 May 2019. Loss from disposal of a subsidiary of approximately HK$17,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 June 2019.

OUTLOOK

The Group welcomes the passage of the Private Healthcare Facilities Bill by the Legislative Council in November 2018. The new ordinance is expected to further protect patient safety and consumer rights, and also facilitate the sustainable development of the healthcare system through the introduction of licensing requirement for private healthcare facilities in Hong Kong. The Directors believe that this new ordinance will ultimately bring higher level of confidence to clients. With a reputation for being a trustworthy, reliable and quality provider of medical skin care services, the Group will continue to enhance its professional expertise in the delivery of its services.

The Group will continue to keep abreast of the latest industry knowledge in order to offer the most suitable and updated services to clients. The Group continuously performs market research on the development of, and evaluates the effects of the latest products, skills and treatment devices and technology. The Directors believe that the introduction of new types of services and products is one of the driving forces for the growth of the Group's business and is a significant way to maintain the Group's competitiveness and its forefront position in the industry.

In view of the current economic downward pressure brought by the US-China Trade War, weakening of the Chinese yuan and the recent political instability in Hong Kong, the outlook of Hong Kong's economy, especially the retail sales sector, is not optimistic. The Group will therefore remain cautious on its business strategy. To cope with the challenges ahead, the Group will continue to concentrate on exploring and launching new types of services and products, growing the presence of its existing business and identifying new business opportunities, in order to deliver value to both clients and the Shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK$1.0 million, or 8.3%, from approximately HK$12.1 million for the three months ended 30 June 2018 to approximately HK$13.1 million for the three months ended 30 June 2019. The increase was primarily attributable to the inclusion of revenue from Ray Lui Centre and MS Medicspa which commenced operation/was acquired in June 2018.

Inventories used

The Group's cost of inventories used was approximately HK$1.9 million and HK$1.8 million for the three months ended 30 June 2019 and 2018 respectively, representing 14.5% and 14.9% of the revenue for the respective periods.

Staff costs

Staff costs increased by approximately HK$0.4 million, or 6.8%, from approximately HK$5.9 million for the three months ended 30 June 2018 to approximately HK$6.3 million for the three months ended 30 June 2019. The increase was primarily attributable to the inclusion of staff costs from Ray Lui Centre and MS Medicspa which commenced operation/was acquired in June 2018.

Depreciation

Depreciation expenses increased by approximately HK$1.6 million or 160.0%, from approximately HK$1.0 million for the three months ended 30 June 2018 to approximately HK$2.6 million for the three months ended 30 June 2019. The increase was primarily attributable to the inclusion of depreciation of right-of-use assets amounting to approximately HK$1.9 million following the adoption of HKFRS 16, which came into effect on 1 April 2019. Correspondingly, there was a similar decrease in rental expenses under other expenses.

Other expenses

Other expenses decreased by HK$2.7 million, or 50.9%, from approximately HK$5.3 million for the three months ended 30 June 2018 to approximately HK$2.6 million for the three months ended 30 June 2019. The decrease was primarily attributable to (i) the decrease in operating lease payments due to the adoption of HKFRS 16 of approximately HK$2.0 million, and (ii) the absent of initial start-up expenses and additional costs of approximately HK$1.7 million incurred during the prior period on the development of Ray Lui Centre, which was partially offset by the increase in marketing expenses of Ray Lui Centre and MS Medicspa of approximately HK$0.7 million in aggregate in the current period.

Income tax expense

Income tax expense remained stable at approximately HK$0.1 million for the three months ended 30 June 2019 and 2018.

Loss for the period

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company for the three months ended 30 June 2019 of approximately HK$0.4 million, representing a decrease of approximately 63.6% from that of approximately HK$1.1 million for the three months ended 30 June 2018.

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Ordinary Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares	Percentage of issued Share capital
Dr. Kong *(note)*	Interest in a controlled corporation	274,865,400	56.59%

Note: The 274,865,400 shares of the Company are registered in the name of Topline Worldwide Limited ("**Topline**"). Under the SFO, Dr. Kong is deemed to be interested in all the shares of the Company registered in the name of Topline.

(b) Options to subscribe for ordinary Shares of the Company

Particulars of the Directors' interests in the share option scheme adopted by the Company ("**Share Option Scheme**") on 3 December 2014 were as follows:

					Number of share options		
Name of Director	Grant date	Exercise price per share	Vesting period	Exercise period	As at 1.4.2019	Granted during the period	As at 30.6.2019
Kong Chung Wai	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000	–	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	400,000	–	400,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	200,000	–	200,000
Sin Chui Pik Christine	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000	–	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	400,000	–	400,000
	15.08.2018	0.433	15.08.2018 – 14.08.2020	15.08.2020 – 14.08.2022	200,000	–	200,000
Chan Cheong Tat	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000	–	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000	–	200,000
Lee Ka Lun	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000	–	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000	–	200,000
Leung Siu Cheung	15.08.2018	0.433	N/A	15.08.2018 – 14.08.2022	200,000	–	200,000
	15.08.2018	0.433	15.08.2018 – 14.08.2019	15.08.2019 – 14.08.2022	200,000	–	200,000
					2,800,000	–	2,800,000

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(B) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in the ordinary shares of the Company

Name	Capacity/ Nature of interest	Number of shares	Percentage of issued share capital
Topline *(note a)*	Beneficial owner	274,865,400	56.59%
Rich Unicorn *(note b)*	Beneficial owner	80,000,000	16.47%
Fullshare *(note b)*	Interest in a controlled corporation	80,000,000	16.47%
Magnolia Wealth *(note b)*	Interest in a controlled corporation	80,000,000	16.47%
Mr. Ji *(note b)*	Interest in a controlled corporation	80,000,000	16.47%

Notes:

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

(b) Rich Unicorn Holdings Limited ("**Rich Unicorn**"), a company incorporated in the British Virgin Islands with limited liability, is beneficially owned by Fullshare Holdings Limited ("**Fullshare**") whose issued shares are listed on the Stock Exchange (stock code: 607). Fullshare is in turn owned as to 45.05% by Magnolia Wealth International Limited ("**Magnolia Wealth**"), a company incorporated in the British Virgin Islands with limited liability, whose entire issued share capital is beneficially owned by Mr. Ji Changqun ("**Mr. Ji**"). In addition, Mr. Ji holds 4.61% of Fullshare directly as the beneficial owner. Therefore, Fullshare, Magnolia Wealth and Mr. Ji are deemed to be interested in all the shares held by Rich Unicorn.

Save as disclosed above, as at 30 June 2019, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders 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 three months ended 30 June 2019.

CORPORATE GOVERNANCE CODE

The Company adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance and, save as disclosed below, the Board is satisfied that the Company had complied with and is not aware of any deviations from the CG Code during the three months ended 30 June 2019.

In accordance with provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual and their respective responsibilities should be clearly defined in writing. Dr. Kong is the chairman of the Board and the chief executive officer of the Company who is primarily responsible for providing leadership to the Board, overseeing the overall operation of the Group and leading and directing the Group's overall business and development strategies. Dr. Kong also chairs the Board and nomination committee (the "**Nomination Committee**") meetings and briefs the Board members and Nomination Committee members on the issues arising at the respective meetings to ensure that Directors receive adequate information in a timely manner which is accurate, clear, complete and reliable. He encourages all Directors to make full and active contribution to the Board's affairs and takes the lead to ensure that it acts in the Company's best interest. He aims to ensure constructive relations between executive and non-executive Directors. Being aware of the said deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman of the Board and the chief executive officer of the Company in Dr. Kong, the founder of the Group, can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. In addition, the Board is also supervised by three independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The Directors will meet regularly to consider major matters affecting the operations of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry 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 three months ended 30 June 2019.

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

During the three months ended 30 June 2019, 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 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.

No share options were exercised, cancelled or lapsed during the three months ended 30 June 2019 (2018: Nil). As at the date of this report, there were 4,000,000 outstanding share options in aggregate, of which 1,300,000 share options have vested and are issuable for 1,300,000 ordinary shares of the Company under the Share Option Scheme. Details of such outstanding options are the same as disclosed in the 2018/19 annual report of the Company dated 21 June 2019.

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 condensed consolidated financial statements of the Group for the three months ended 30 June 2019 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, 14 August 2019

As at the date of this report, the executive Directors of the Company are Dr. Kong Kwok Leung, Ms. Tsui Kan, Ms. Kong Chung Wai and Ms. Sin Chui Pik Christine, and the independent non-executive Directors are Mr. Chan Cheong Tat, Mr. Lee Ka Lun and Mr. Leung Siu Cheung.