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MEDICSKIN HOLDINGS LIMITED

密迪斯肌控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8307)

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND
PLACING OF EXISTING SHARES BY THE
CONTROLLING SHAREHOLDER**

On 29 September 2016 (after trading hours), the Subscription Agreement was entered into between the Company and the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 80,000,000 Subscription Shares at the Subscription Price of HK\$0.648 per Subscription Share.

The Subscription Price represents (i) a discount of 19.00% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on 29 September 2016, being the date of the Subscription Agreement; and (ii) a discount of approximately 10.99% to the average closing price of HK\$0.728 per Share for the last five trading days immediately prior to the date of the Subscription Agreement.

80,000,000 Subscription Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The gross proceeds from the Subscription will be 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 net proceeds raised are intended to be used for the potential acquisition of premises and initial set-up costs for the opening of a new Medicskin Centre and general working capital of the Group.

The Subscription Shares will be issued under the General Mandate and the Subscription is not subject to approval by the Shareholders.

As a result of the Subscription, the Subscriber will become a substantial shareholder of the Company.

In conjunction with the Subscription, the Company was informed by TWL, a controlling shareholder of the Company, that on 29 September 2016, TWL and the Placing Agent executed the Placing Letter pursuant to which the Placing Agent agreed to place, on a best efforts basis, 13,000,000 Shares (representing 3.25% of the existing issued share capital of the Company) at the Placing Price of HK\$0.648. Completion of the Subscription is conditional upon, among others, the completion of the Placing. Following the completion of the Placing and the Subscription, 122,999,960 Shares (representing approximately 25.62% of the total issued share capital of the Company as enlarged by the issue of the Subscription Shares) will be held in the hands of the public. The Company confirms that at least 25% of the Company's total issued share capital is at all times between the date of the Placing Letter and Subscription Agreement and their respective completions be held by the public as required under Rule 11.23 of the GEM Listing Rules.

Completion of the Subscription is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Introduction

On 29 September 2016 (after trading hours), the Subscription Agreement was entered into between the Company and the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 80,000,000 Subscription Shares at the Subscription Price of HK\$0.648 per Subscription Share. Details of the Subscription Agreement are set out below:

The Subscription Agreement

Date

29 September 2016

Parties

Issuer: the Company

Subscriber: Rich Unicorn Holdings Limited, a wholly-owned subsidiary of Fullshare

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

Subscription Price of the Subscription Shares

The Subscription Price represents (i) a discount of 19.00% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on 29 September 2016, being the date of the Subscription Agreement; and (ii) a discount of approximately 10.99% to the average closing price of HK\$0.728 per Share for the last five trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and the current market conditions. The Directors are of the view that the Subscription Price of the Subscription Shares is fair and reasonable and in the interest of the Company and the Shareholders.

Number of Subscription Shares

80,000,000 Subscription Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Ranking of Subscription Shares

The Subscription Shares will rank pari passu in all respects with all other Shares in issue and will entitle the holders to all dividends, and other distributions, rights or entitlements the record date for which falls after the date of issue and allotment of the Subscription Shares.

General Mandate

The Subscription Shares will be issued under the General Mandate and is not subject to the Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 80,000,000 Shares. As at the date of this announcement, the Company has not allotted or issued any Share under the General Mandate. The 80,000,000 Subscription Shares to be issued and allotted under the Subscription represent the maximum number of Shares issuable under the General Mandate. Application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Conditions Precedent

The Subscription is conditional upon:

- (i) listing of and permission to deal in all the Subscription Shares being granted (subject only to allotment) by the Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (ii) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the warranties under the Subscription Agreement and the warranties remaining true and accurate in all respects and not misleading in any respect, and the Company having performed all its obligations under the Subscription Agreement which are required to be performed by it at or prior to the date of the completion of the Subscription;
- (iii) all necessary approvals, consents, permits, registrations, filings, notices, acknowledgements, authorisations, waivers or resolutions of the directors of the Subscriber and the Company having been obtained or passed in respect of the signing of the Subscription Agreement, the transactions contemplated under the Subscription Agreement and the completion of the Subscription;
- (iv) the Placing Letter becoming unconditional and completed;

- (v) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the date of the completion of the Subscription, save for any suspension for the purpose of clearing the announcements in relation to the Subscription Agreement and the transactions contemplated thereunder, or such longer period as the Subscriber may agree in writing, and no indication being received on or before the date of the completion of the Subscription from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the completion of the Subscription or in connection with the terms of the Subscription Agreement; and
- (vi) the Company having maintained the public float requirement under the GEM Listing Rules upon the completion of the Subscription.

If any of the conditions precedent is not fulfilled on or before 15 November 2016 or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement will lapse and become null and void (save and except certain provisions in the Subscription Agreement such as confidentiality) and the parties will be released from all obligations thereunder, save for the liabilities for any antecedent breaches of any of the obligations and liabilities under the Subscription Agreement.

Completion of the Subscription

The completion of the Subscription is expected to take place on the third Business Day after the day on which all of the above conditions precedent of the Subscription Agreement have been fulfilled.

PLACING OF EXISTING SHARES BY TWL

The Company has been informed by TWL, a controlling shareholder of the Company, that on 29 September 2016, TWL and the Placing Agent executed the Placing Letter pursuant to which the Placing Agent agreed to place, on a best efforts basis, 13,000,000 Shares (representing 3.25% of the existing issued share capital of the Company) at the Placing Price.

Completion of the Placing is expected to take place on or before 14 October 2016. The purpose of the Placing is to ensure that at least 25% of the issued Shares will be held by the public upon completion of the Subscription.

The Placing Agent confirms and undertakes that it shall use all reasonable endeavours to ensure that the placee(s) and their respective ultimate beneficial owners shall be third parties independent of and not connected with the Company or its connected persons.

As at the date of this announcement, TWL is interested in 72.50% shareholding interest of the Company. Assuming all of the 13,000,000 Placing Shares are placed out, immediately upon the completion of the Placing, TWL will be interested in 277,000,040 Shares (representing approximately 69.25% of the existing issued share capital of the Company), and 122,999,960 Shares (representing approximately 30.75% of the existing issued share capital of the Company) will be held in the hands of the public. It is expected that none of the placee(s) will become a substantial shareholder of the Company immediately after completion of the Placing.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Fullshare is aiming to develop itself into the world's leading service provider in grand health industry. Fullshare focuses on its business of medical healthcare (traditional Chinese medicine, medical equipment, high-end medical care and maternal and infant care, etc.), healthy lifestyle (global timeshare, suburban light vacation, urban leisure and property development for healthcare and elderly care, etc.), healthy platform and investment (healthcare investment and financial and other investments). Fullshare will integrate the resources of the global healthcare management and services, medical treatment, elderly care, tourism, finance, operation, market and property to construct an open platform in the grand health industry and will establish a business that covers all aspects of the value chain of the healthy living industry that benefits customers, business partners and Fullshare.

The Group is principally engaged in the provision of medical skin care services in Hong Kong. The Group is currently operating two Medicskin Centres that primarily focus on the treatment of skin diseases/problems and/or the improvement of appearance of its clients, offering one-stop skin care solutions according to client's specific needs, requirements and skin conditions. As disclosed in the management discussion and analysis in the Company's annual report for the year ended 31 March 2016, the Group is in the process of exploring and identifying a location for potential new Medicskin Centre as well as assessing the market conditions.

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. Also the Board 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.

The Board considers that the terms of the Subscription Agreement, which have been negotiated on an arm's length basis, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be 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 net proceeds raised are intended to be used for the potential acquisition of premises and initial set-up costs for the opening of a new Medicskin Centre and general working capital of the Group.

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 Medicskin Centre to be established in a prime district in Hong Kong in the second quarter in 2017. This new Medicskin Centre will provide one-stop effective and evidence-based medical solution targeting individual's specific needs, requirements and skin conditions. The Company is currently carrying out preliminary reviews on several potential properties. Due to the continue 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 Medicskin Centres operating in self-owned properties.

On the other hand, the initial set-up costs will mainly consist of costs on leasehold improvements, furniture and equipment, medical equipment and recruitment.

Taking into account the high growth rate of female population in Hong Kong and the growing emphasis on personal physical appearance in the society, the Board expects there will be continuous growths in demand for medical skin care services, and considers that opening of the new Medicskin Centre in a new location will expand the Group's service scale, broaden the Group's customer base and enhance the Group's market position so as to broaden the Group's revenue stream, and thus be in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, no agreement(s) had been entered into in relation to the new Medicskin Centre.

The Company shall use remaining net proceeds as the general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon (i) completion of the Placing; and (ii) completion of the Placing and the Subscription, assuming the Placing Shares are placed in full and there being no other changes in the shareholding structure of the Company after the date of this announcement, are set out below:

Shareholders	As at the date of this announcement		Upon completion of the Placing		Upon completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>approximate %</i>	<i>Number of Shares</i>	<i>approximate %</i>	<i>Number of Shares</i>	<i>approximate %</i>
TWL (<i>Note</i>)	290,000,040	72.50	277,000,040	69.25	277,000,040	57.71
The Subscriber	–	–	–	–	80,000,000	16.67
<i>Public Shareholders</i>						
Placee(s)	–	–	13,000,000	3.25	13,000,000	2.71
Other public Shareholders	109,999,960	27.50	109,999,960	27.50	109,999,960	22.91
Total	<u>400,000,000</u>	<u>100.00</u>	<u>400,000,000</u>	<u>100.00</u>	<u>480,000,000</u>	<u>100.00</u>

Note:

The entire issued share capital of TWL, a company incorporated in the British Virgin Islands with limited liability, is beneficially owned by Dr. Kong Kwok Leung (“**Dr. Kong**”). Therefore, Dr. Kong is deemed to be interested in all the Shares of the Company held by TWL.

As a result of the Subscription, the Subscriber will become a substantial shareholder of the Company. Following the completion of the Placing and the Subscription, 122,999,960 Shares (representing approximately 25.62% of the total issued share capital of the Company as enlarged by the issue of the Subscription Shares) will be held in the hands of the public. The Company confirms that at least 25% of the Company's total issued share capital is at all times between the date of the Placing Letter and the Subscription Agreement and their respective completions be held by the public as required under Rule 11.23 of the GEM Listing Rules.

DETAILS OF PREVIOUS FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

Completion of the Subscription is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“AGM”	the annual general meeting of the Company held on 27 July 2016
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above or a black rain warning is issued in Hong Kong at any time between 9 a.m. and 5 p.m.) on which banks generally are open for business in Hong Kong
“Company”	Medicskin Holdings Limited (密迪斯肌控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“Fullshare”	Fullshare Holdings Limited (豐盛控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607)

“Fullshare Group”	Fullshare and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Medicskin Centre(s)”	the medical skin care centre(s) operated by the Group
“Placing”	the placing by the Placing Agent of the Placing Shares on the terms and conditions of the Placing Letter
“Placing Agent”	Ample Orient Capital Limited, a firm which is licensed to conduct Type 1 (dealing in securities) regulated activity under the SFO
“Placing Letter”	the conditional placing letter executed on 29 September 2016 by TWL and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.648 per Placing Share
“Placing Shares”	up to 13,000,000 Shares of TWL to be placed, on a best effort basis, by the Placing Agent, as agent for TWL, pursuant to the Placing Letter, being 3.25% of the issued share capital of the Company as at the date of this announcement
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Subscriber”	Rich Unicorn Holdings Limited (富麒控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Fullshare
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 29 September 2016 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.648 per Subscription Share
“Subscription Shares”	80,000,000 new Shares to be issued by the Company to the Subscriber upon completion of the Subscription Agreement
“TWL”	Topline Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 September 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, 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’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.medicsskin.com.