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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)

MAJOR TRANSACTION ACQUISITION OF PROPERTY

ACQUISITION

The Board wishes to announce that on 24 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor to acquire the Property at a total consideration of HK\$44,000,000. It is expected that the Acquisition will complete on or before 24 March 2017.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition. A written Shareholder's approval dated 24 January 2017 has been obtained from Topline (which as at the date of this announcement held 277,000,040 shares in the Company, representing approximately 57.66% of the issued share capital of the Company) in respect of the Acquisition. Such written approval has been accepted in lieu of holding a general meeting of the Company for approving the Acquisition. Therefore, no general meeting of the Company will be convened for approving the Acquisition pursuant to Rule 19.44 of the GEM Listing Rules.

A Circular containing, among other things, details of the Acquisition and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 16 February 2017. If additional time is required for preparing the Circular, the Company may apply for a waiver from strict compliance of Rule 19.41(a) of the GEM Listing Rules.

INTRODUCTION

On 24 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor to acquire the Property at a total consideration of HK\$44,000,000. It is expected that the Acquisition will complete on or before 24 March 2017.

THE PROVISIONAL AGREEMENT

Date	:	24 January 2017
Parties	:	(1) The Vendor (2) The Purchaser
Property	:	Units A, B, C and D of 25th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong
Consideration	:	HK\$44,000,000

Information of the Property

Pursuant to the terms and conditions of the Provisional Agreement, the Vendor shall sell and the Purchaser shall acquire the Property, which is located at Units A, B, C and D of 25th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong. The Property has been occupied by a tenant. No vacant possession of the Property will be delivered to the Purchaser on Completion until the termination of the existing lease which is expected to end on or before 21 February 2018 (the “Lease”). The Property is currently subject to the Lease with a monthly rental income of HK\$86,000 (exclusive of management fees, air conditioning fee, government rent and rates and other operating outgoings) for a term commencing on 22 February 2016 and expiring on 21 February 2018.

Consideration

The Purchase Price in the aggregate amount of HK\$44,000,000 for the Acquisition is to be satisfied by the Purchaser in the following manner:

- (1) HK\$2,200,000 was paid to the Vendor upon signing of the Provisional Agreement as initial deposit;
- (2) HK\$2,200,000 is payable upon the signing of the Formal Agreement on or before 7 February 2017 as further deposit; and

- (3) the remaining balance of HK\$39,600,000 to be paid upon completion of the Acquisition, which is expected to take place on or before 24 March 2017.

The Purchase Price was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the market value of similar properties in similar locations. The Directors (including the independent non-executive Directors) believe that the Purchase Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole. It is expected that the Purchase Price will be financed by the net proceeds from the Subscription as disclosed in the announcement dated 29 September 2016.

Completion

Completion of the Acquisition shall take place on or before 24 March 2017.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability, which is principally engaged in property investment.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). The Directors also confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, there is no prior transaction with the Vendor or its ultimate beneficial owner(s) (if applicable) which is required to be aggregated with the Acquisition pursuant to Rule 19.22 of the GEM Listing Rules.

INFORMATION ON THE PURCHASER AND THE COMPANY

The Purchaser is a wholly-owned subsidiary of the Company and its principal business is property holding. 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.

REASONS FOR THE ACQUISITION

As disclosed in the announcement dated 29 September 2016, the Company intends to use part of the net proceeds from the Subscription of approximately HK\$40,000,000 for acquisition of premises in relation to a new Medicskin Centre to be established in a prime district in Hong Kong. Upon expiry of the Lease, the Property will be used as the new Medicskin Centre which will provide one-stop effective and evidence-based medical solution targeting individual's specific needs, requirements and skin conditions.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition. A written Shareholder's approval dated 24 January 2017 has been obtained from Topline (which as at the date of this announcement held 277,000,040 shares in the Company, representing approximately 57.66% of the issued share capital of the Company) in respect of the Acquisition. Such written approval has been accepted in lieu of holding a general meeting of the Company for approving the Acquisition. Therefore, no general meeting of the Company will be convened for approving the Acquisition pursuant to Rule 19.44 of the GEM Listing Rules.

A Circular containing, among other things, details of the Acquisition and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 16 February 2017. If additional time is required for preparing the Circular, the Company may apply for a waiver from strict compliance of Rule 19.41(a) of the GEM Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor
“Circular”	a circular of the Company containing, among other things, details of the Acquisition and other information as required under the GEM Listing Rules

“Company”	Medicskin Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8307)
“Completion”	completion of the Acquisition in accordance with the terms of the Provisional Agreement
“Directors”	the directors of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor regarding the sale and purchase of the Property
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“percentage ratios”	shall have the meaning ascribed to such term in Chapter 19 of the GEM Listing Rules
“Property”	Units A, B, C and D of 25th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong
“Purchase Price”	the consideration in the amount of HK\$44,000,000 payable by the Purchaser for the Acquisition in accordance with the terms of the Provisional Agreement
“Purchaser”	Golden Dickson (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topline”	Topline Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder of the Company
“Vendor”	Affirm Motion Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

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

Hong Kong, 24 January 2017

As at the date of this announcement, the executive Directors are Dr. Kong Kwok Leung, Mr. Lo Kwok Bun, 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’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.