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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE LEASE AGREEMENT**

THE LEASE AGREEMENT

The Board is pleased to announce that on 21 May 2024, the Lessee (an indirect wholly-owned subsidiary of the Company) and the Lessor (an Independent Third Party) entered into the Lease Agreement in respect of the lease renewal of the Premises commencing from 1 September 2024 to 31 August 2027 (both days inclusive) for use as one of the Group's medical skin care centres in Hong Kong.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, as a result of the entering into the Lease Agreement, the Group shall recognise the right-of-use asset in connection with the Lease Agreement on the consolidated financial statements of the Company, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the GEM Listing Rules.

As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transaction contemplated under the Lease Agreement based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceed 5% but are below 25%, the entering into the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 21 May 2024, the Lessee (an indirect wholly-owned subsidiary of the Company) and the Lessor (an Independent Third Party) entered into the Lease Agreement in respect of the lease renewal of the Premises commencing from 1 September 2024 to 31 August 2027 (both days inclusive) for use as one of the Group's medical skin care centres in Hong Kong.

RENEWAL OF THE LEASE AGREEMENT

A summary of the principal terms of the Lease Agreement are set out below:

Date	21 May 2024
Parties	(a) the Lessor, as lessor; and (b) the Lessee (an indirect wholly-owned subsidiary of the Company), as lessee
	To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.
Premises	Suit 1201 (12 th Floor) of Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon
Use of the Premises	For the purpose of medical skin care centre
Term	Three years commencing from 1 September 2024 and expiring on 31 August 2027 (both days inclusive)
Rental payment	The monthly rent payable by the Lessee to the Lessor under the Lease Agreement shall be HK\$206,568.00, exclusive of rates, management fee, air-conditioning charge and other outgoings. The total rent payable under the Lease Agreement, exclusive of rates, management fee, air-conditioning charge and other outgoings, is approximately HK\$7.4 million.
Deposit	The deposit payable by the Lessee is HK\$1,462,422.72, which has already been paid.

The terms of the Lease Agreement were determined after arm's length negotiations between the Lessor and the Lessee and with reference to the prevailing market rental for properties of similar type, age and location.

INFORMATION OF THE PARTIES

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in the provision of medical skin care services, at 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 Lessor

The Lessor is principally engaged in property investment.

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Lessor is an indirectly wholly-owned subsidiary of Wharf Real Estate Investment Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1997) and the Lessor and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF RENEWING THE LEASE AGREEMENT

The Group has been leasing the Premises as its medical skin care centre since 1 September 2012. In evaluating the options of renewal of the existing tenancy or leasing a new centre, the Directors consider that the Premises is located in the popular shopping district of Tsim Sha Tsui with pedestrian flow, which is convenient and easily accessible by the Group's and potential clients as it is close to most forms of public transport. The renewal of the Lease Agreement sustains the presence of the Group in the prime locations in Hong Kong.

The terms of the Lease Agreement, including the rental payment, were determined after arm's length negotiations between the Lessor and the Lessee and with reference to the prevailing market rental for properties of similar type, age and location. The Lease Agreement is necessary for continuing the operation of business of the Group for use as a medical skin care centre and is in the ordinary and usual course of business of the Group. Having taken into account the above reasons and benefits, the Board therefore considers that the terms of the Lease Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into the Lease Agreement, the Group shall recognise the right-of-use asset on the consolidated financial statements of the Company, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the GEM Listing Rules. The estimated value of the right-of-use asset to be recognised by the Company under the Lease Agreement shall amount to approximately HK\$7.0 million. The amount of rental payments over the Term will be settled out of the internal financial resources of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transaction contemplated under the Lease Agreement based on the value of the right-of-use asset recognised by the Group pursuant to HKFRS 16 exceed 5% but are below 25%, the entering into the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“Board”	the board of Directors from time to time
“Company”	Medicskin Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who is(are) independent of and not connected with the Company and its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Lease Agreement”	the lease agreement entered into between the Lessee and the Lessor on 21 May 2024 in relation to the lease renewal of the Premises
“Lessee”	Medicskin Laboratories Limited (美嬌絲肌科美有限公司), a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company
“Lessor”	Harbour City Estates Limited, an Independent Third Party
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 21 May 2024

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. Leung Siu Cheung and M. Lui Sze On.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange 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.medicskinholdings.com.