



3 May 2019

Skin Elements appoints Henan Huatuo Health Management executives to Board

Advances towards completion of Chinese Distribution Agreement

Australian natural skin care company Skin Elements Limited (ASX: SKN) (Skin Elements, the Company) is pleased to announce the appointment of Henan Huatuo Health Management Co, Ltd (HHHM) chairman Mr Zeling Li and senior executive Ms Jialin Li to the board of Skin Elements' as Non-executive Directors.

Skin Elements executed in March 2019 a binding term sheet agreement for a proposed major Sale and Distribution Agreement (Agreement) with HHHM for Skin Elements' skin care product range in the massive Chinese skin care market, as well as a strategic equity investment by HHHM in Skin Elements, (ASX announcement, 25 March 2019).

The term sheet proposes that HHHM will deliver new sales of Skin Elements all natural skincare products of at least A\$20 million over three years, and that HHHM will undertake a A\$2.4 million strategic investment in Skin Elements (subject to shareholder approval).

The completion of the Agreement is subject to a number of conditions precedent, outlined in the ASX announcement of 25 March 2019.

The appointment of two HHHM nominated representatives to the board of Skin Elements was one of the key conditions precedent, and Skin Elements is delighted to have completed this condition precedent in a such timely manner, and welcomes HHHM chairman Mr Zeling Li and one of the HHHM group's senior executives, Ms Jialin Li, to the Skin Elements' board.

The Company sees the execution of this condition precedent as being a key step towards the finalisation and execution of the proposed binding Sale and Distribution Agreement with HHHM, as proposed in the term sheet, as it facilitates the formal integration of the businesses at board level which will help assist the parties to best work together to conclude the Agreement.

Details of both new board appointees are provided below.

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Mr Zeling Li

Zeling Li is a qualified practicing lawyer in the People's Republic of China, and has previously worked for the Judicial Bureau of Jia County in Henan Province and also for the Zhengzhou Faheng Law Firm. After his legal career, in 2006 he established the Beijing Yishoujin Biotechnology Development Co Ltd, which specialises in research and development and sales in the health product sector, and includes the HHHM business. At present, there are more than 200 Huatuo Health Centres in China, and in 2018 the group generated total sales of 380 million yuan (~A\$79.8 million) through its e-commerce platform and distribution agency sales. Mr Li is also the founder and chairman of Beijing Taima Yishoujin Fund Management Co Ltd.

Ms Jialin Li

Ms Li graduated from the Henan University of Economics and Law in 1999. Since that time she forged a successful career in the media sector in China as a journalist and editor, and has also developed a highly successful business career. More recently she founded Henan Zhibai Biotechnology Co Ltd. which focuses on the research and development and production of cosmetic skin care products. The business currently has 30 different varieties of cosmetic and skin care products. In 2017, she founded Henan Huasheng Chinese Medicine Technology Co Ltd. which has achieved annual growth of 60% in the Shahe Business Area in Henan Province.

Skin Elements' looks forward to working closely with its new board members to finalise the execution of the Agreement with HHHM and to work to expedite and maximise the mutual benefits of the working relationship between the two groups. Both Skin Elements and HHHM see enormous potential in the opportunity to market Skin Elements' high-quality, world-class skin care products in the rapidly growing Chinese skin care market via HHHM's established sales and distribution network.

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About Skin Elements

Skin Elements is an Australian ASX-listed skin care company that has developed and internationally launched a range of 40 natural and organic skin care products. The portfolio of products includes the award winning Soléo Organics 100% natural and organic sunscreen, its PapayaActivs natural therapeutics range, the Complete Esscience natural skincare, and the Elizabeth Jane Natural Cosmetics brand.

The current key international markets include North America, Europe and Asia, particularly China.

Further information is available via the Company website:

<http://skinelementslimited.com>



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