

BUSINESS DEVELOPMENT

(1) Introduction

Our history can be traced back to 2003 when Dr. Au-Yeung set up Perfect Shape & Skin to operate our first slimming and beauty service centre under the brand name “Perfect Shape 必瘦站” in Mongkok, Hong Kong. Since then, we continued our growth and expanded all over Hong Kong Island, Kowloon and the New Territories. We continued to build up our reputation and client base. Based on our successful experience in Hong Kong, we could see the potential for development in the PRC. Therefore, in 2009, we entered the PRC market. We opened our first service centre in the PRC at Jinguanghua Plaza (深圳金光華廣場), Shenzhen. We expanded rapidly in the PRC market since then which also contributed to the growth of our operating results during the Track Record Period. Through years of development, we have established our “Perfect Shape 必瘦站” brand as a well-recognised icon for the provision of quality and effective slimming services. As at the Latest Practicable Date, we had 57 service centres. 44 of them were located in 10 major cities in the PRC, namely Shanghai, Guangzhou, Shenzhen, Beijing, Dongguan, Foshan, Chengdu, Nanjing, Tianjin and Chongqing, 12 of them were in Hong Kong and one in Macau. We possessed a well-established client base with more than 90,000 members. Our goal is to further expand our PRC operations and we intend to open 106 additional service centres in the PRC for the four years ending 31 March 2015.

(2) Business milestones

The following table sets forth our business development milestones:

Financial Year	Business achievements
2003	<ul style="list-style-type: none">• Our first operating subsidiary, Perfect Shape & Skin, was incorporated, which marked our inception. We began to provide slimming and beauty services under our brand name “Perfect Shape 必瘦站”.
2004	<ul style="list-style-type: none">• We began sales of slimming and beauty products to complement our services.
2005	<ul style="list-style-type: none">• We opened three service centres in Hong Kong which were located in Causeway Bay, Tsuen Wan and Mongkok.
2006	<ul style="list-style-type: none">• We opened one service centre in Hong Kong which was located in Tsim Sha Tsui.
2007	<ul style="list-style-type: none">• We opened six service centres in Hong Kong which were located in Central, Kowloon Bay, Yuen Long, Tseung Kwan O, Tuen Mun and Sheung Shui.• Our Macau operating subsidiary, Perfect Shape Macau, was incorporated and we began to provide slimming and beauty services under our brand name “Perfect Shape 必瘦站” in Macau.

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- 2008
 - We opened nine service centres in Hong Kong which were located in Hunghom, Ma On Shan, Tai Po, Causeway Bay, Wanchai, North Point, Kowloon City, Mongkok and Kwun Tong.
 - We had a total of 20 service centres scattering in the Hong Kong Island, Kowloon and the New Territories.
- 2009
 - Our first PRC operating subsidiary, Perfect Shape Consultancy, was incorporated and we began to provide slimming and beauty services under our brand name “Perfect Shape 必瘦站” in the PRC.
- 2010
 - We opened six service centres in the PRC comprising two centres in Shenzhen, one centre in Shanghai, one centre in Beijing and two centres in Guangzhou.
- 2011
 - We operated 44 service centres in the PRC comprising 12 centres in Shanghai, 10 centres in Guangzhou, 6 centres in Shenzhen, 6 centres in Beijing and 10 centres in other cities.

CORPORATE DEVELOPMENT

Hong Kong and Macau Subsidiaries

We have been providing slimming and beauty services under our brand “Perfect Shape 必瘦站” since our inception in December 2003 in Hong Kong. In December 2003, Perfect Shape & Skin was incorporated in Hong Kong and our first service centre was established in Mongkok, Hong Kong.

Between 2005 to 2007, the Group’s network of service centres expanded gradually in Hong Kong and the following Group companies were incorporated in Hong Kong and Macau.

Dr. Face

Dr. Face was incorporated on 8 November 2007 in Hong Kong as a limited liability company. It currently operates the service centres under the brand name of Dr. Face. Upon its incorporation, Dr. Face has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape Advertising

Perfect Shape Advertising was incorporated on 29 June 2007 in Hong Kong as a limited liability company for the purpose of providing advertising services to our Group. Upon its incorporation, Perfect Shape Advertising has an authorised share

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capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,000 shares to Dr. Au-Yeung and 5,000 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Skin Management

Perfect Shape & Skin Management was incorporated on 19 September 2006 in Hong Kong as a limited liability company for the purpose of holding trademarks for our Group. Upon its incorporation, Perfect Shape & Skin Management has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 19 December 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Skin Management. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin Management to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin Management to Dr. Au-Yeung at a consideration of HK\$1,200.

Perfect Shape & Skin

Perfect Shape & Skin was incorporated on 3 December 2003 in Hong Kong as a limited liability company for the purpose of renting machinery to members of our Group. Upon its incorporation, Perfect Shape & Skin has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted 5,000 shares to Ms. Ng Sze Wai and 5,000 shares to Ms. Li Yi Fan. The authorised share capital of Perfect Shape & Skin was increased from HK\$10,000 to HK\$20,000 on 13 April 2006 and 10,000 shares were allotted for cash to Dr. Au-Yeung. On 24 June 2006, Ms. Ng Sze Wai transferred 5,000 shares she held in Perfect Shape & Skin to Dr. Au-Yeung at a consideration of HK\$5,000. On 4 July 2006, Dr. Au-Yeung transferred 4,800 shares to Ms. Li Yi Fan, 3,000 shares to Ms. Au-Yeung Hung and 7,200 shares to Ms. Au-Yeung Wai at a consideration of HK\$14,400, HK\$9,000 and HK\$21,600 respectively and Perfect Shape & Skin was owned as to 49%, 15% and 36% by Ms. Li Yi Fan, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.

Perfect Shape & Skin CNT

Perfect Shape & Skin CNT was incorporated on 5 December 2006 in Hong Kong as a limited liability company. It currently operates the service centre in Central. Upon its incorporation, Perfect Shape & Skin CNT has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 5 December 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Skin CNT. Our Hong

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Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin CNT to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin CNT to Dr. Au-Yeung at a consideration of HK\$1,200.

Perfect Shape & Skin SS

Perfect Shape & Skin SS was incorporated on 6 December 2006 in Hong Kong as a limited liability company. It operated the service centre in Sheung Shui until December 2010. However, due to relocation of resources within the Group, the service centre in Sheung Shui was closed down and Perfect Shape & Skin SS is currently inactive. Upon its incorporation, Perfect Shape & Skin SS has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 6 December 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Skin SS. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin SS to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin SS to Dr. Au-Yeung at a consideration of HK\$1,200.

Perfect Shape & Skin TKO

Perfect Shape & Skin TKO was incorporated on 2 August 2006 in Hong Kong as a limited liability company. It operated the service centre in Tseung Kwan O until August 2010. However, due to relocation of resources within the Group, the service centre in Tseung Kwan O was closed down and Perfect Shape & Skin TKO is currently inactive. Upon its incorporation, Perfect Shape & Skin TKO has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 2 August 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Skin TKO. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin TKO to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin TKO to Dr. Au-Yeung at a consideration of HK\$1,200.

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Perfect Shape & Skin TM

Perfect Shape & Skin TM was incorporated on 6 December 2006 in Hong Kong as a limited liability company. It currently operates the service centre in Tuen Mun. Upon its incorporation, Perfect Shape & Skin TM has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 6 December 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to family arrangement since the date of incorporation of Perfect Shape & Skin TM. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin TM to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin TM to Dr. Au-Yeung at a consideration of HK\$1,200.

Perfect Shape & Skin TW

Perfect Shape & Skin TW was incorporated on 24 November 2005 in Hong Kong as a limited liability company. It operated the service centre in Tsuen Wan until June 2010 and is currently inactive. Upon its incorporation, Perfect Shape & Skin TW has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5 shares to Ms. Ng Sze Wai and 5 shares to Ms. Li Yi Fan. On 10 April 2006, Perfect Shape & Skin TW further allotted and issued 5,100 share to Dr. Au-Yeung, 3,290 shares to Ng Sze Wai, 800 shares to Ms. Au-Yeung Hung and 800 shares to Ms. Au-Yeung Wai respectively. On 13 April 2006, the authorised share capital of Perfect Shape & Skin TW was increased from HK\$10,000 to HK\$20,000 and 10,000 shares were allotted and issued to Dr. Au-Yeung. On 24 June 2006, Ms. Ng Sze Wai transferred 3,295 shares she held in Perfect Shape & Skin TW to Dr. Au-Yeung at a consideration of HK\$3,295. On 4 July 2006, Dr. Au-Yeung transferred 6,400 shares, 2,200 shares and 9,795 shares he held in Perfect Shape & Skin TW to Ms. Au-Yeung Wai, Ms. Au-Yeung Hung and Ms. Li Yi Fan, at a consideration of HK\$6,400, HK\$2,200 and HK\$9,795, respectively and thus Perfect Shape & Skin TW was owned as to 49%, 15% and 36% by Ms. Li Yi Fan, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.

Perfect Shape & Skin YL

Perfect Shape & Skin YL was incorporated on 5 July 2006 in Hong Kong as a limited liability company. It currently operates the service centre in Yuen Long. Upon its incorporation, Perfect Shape & Skin YL has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 5 July 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Skin YL. Our Hong

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Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Skin YL to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Skin YL to Dr. Au-Yeung at consideration of HK\$1,200.

Perfect Shape & Spa

Perfect Shape & Spa was incorporated on 23 March 2007 in Hong Kong as a limited liability company. It currently operates the service centre in Sha Tin. Upon its incorporation, Perfect Shape & Spa has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,100 shares to Ms. Au-Yeung Wai and 2,000 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 23 March 2007, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Spa. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 500 shares and 4,400 shares she held in Perfect Shape & Spa to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$500 and HK\$4,400 respectively and Ms. Au-Yeung Wai transferred 700 shares she held in Perfect Shape & Spa to Dr. Au-Yeung at consideration of HK\$700.

Perfect Shape & Spa CWB

Perfect Shape & Spa CWB was incorporated on 30 March 2007 in Hong Kong as a limited liability company. It currently operates the service centre in Causeway Bay. Upon its incorporation, Perfect Shape & Spa CWB has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,100 shares to Ms. Au-Yeung Wai and 2,000 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 23 March 2007, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Spa CWB. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 500 shares and 4,400 shares she held in Perfect Shape & Spa CWB to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$500 and HK\$4,400 respectively and Ms. Au-Yeung Wai transferred 700 shares she held in Perfect Shape & Spa CWB to Dr. Au-Yeung at a consideration of HK\$700.

Perfect Shape & Spa KT

Perfect Shape & Spa KT was incorporated on 8 November 2007 in Hong Kong as a limited liability company. It operated the service centre in Kwun Tong until October 2011. However, due to relocation of resources within the Group, the service centre in Kwun Tong was closed down and Perfect Shape & Spa KT is currently inactive. Upon its incorporation, Perfect Shape & Spa KT has an authorised share capital of

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HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Spa MK

Perfect Shape & Spa MK was incorporated on 30 March 2007 in Hong Kong as a limited liability company. It currently operates the service centre in Mong Kok. Upon its incorporation, Perfect Shape & Spa MK has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 30 March 2007, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Spa MK. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 500 shares and 4,400 shares she held in Perfect Shape & Spa MK to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$500 and HK\$4,400 respectively and Ms. Au-Yeung Wai transferred 700 shares she held in Perfect Shape & Spa MK to Dr. Au-Yeung at a consideration of HK\$700.

Perfect Shape & Spa MOS

Perfect Shape & Spa MOS was incorporated on 8 November 2007 in Hong Kong as a limited liability company. It operated the service centre in Ma On Shan until March 2010. However, due to relocation of resources within the Group, the service centre in Ma On Shan was closed down and Perfect Shape & Spa MOS is currently inactive. Upon its incorporation, Perfect Shape & Spa MOS has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Spa NP

Perfect Shape & Spa NP was incorporated on 11 September 2007 in Hong Kong as a limited liability company. It operated the service centre in North Point until September 2011. However, due to relocation of resources within the Group, the service centre in North Point was closed down and Perfect Shape & Spa NP is currently inactive. Upon its incorporation, Perfect Shape & Spa NP has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Spa TP

Perfect Shape & Spa TP was incorporated on 4 December 2007 in Hong Kong as a limited liability company. It currently operates the service centre in Tai Po. Upon its incorporation, Perfect Shape & Spa TP has an authorised share capital of HK\$10,000

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divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Spa TST

Perfect Shape & Spa TST was incorporated on 10 August 2007 in Hong Kong as a limited liability company. It currently operates the service centre in Tsimshatsui. Upon its incorporation, Perfect Shape & Spa TST has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape & Spa TW

Perfect Shape & Spa TW was incorporated on 5 July 2006 in Hong Kong as a limited liability company. It currently operates the service centre in Tsuen Wan. Upon its incorporation, Perfect Shape & Spa TW has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 5 July 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Shape & Spa TW. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms. Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 7 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Shape & Spa TW to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Shape & Spa TW to Dr. Au-Yeung at a consideration of HK\$1,200.

Perfect Shape Investment Shanghai

Perfect Shape Investment Shanghai was incorporated on 30 November 2007 in Hong Kong as a limited liability company and it is a holding company of our Group which directly holds the entire interest in the share capital of Perfect Shape Consultancy and indirectly holds the entire interest in the PRC subsidiaries. Upon its incorporation, Perfect Shape Investment Shanghai has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively. Please refer to the paragraph headed “PRC Subsidiaries” below for the details of the PRC subsidiaries.

Perfect Shape Holdings

Perfect Shape Holdings was incorporated on 10 October 2007 in Hong Kong as a limited liability company provision of management service. Upon its incorporation, Perfect Shape Holdings has an authorised share capital of HK\$10,000 divided into

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10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Skin Medical

Perfect Skin Medical was incorporated on 31 August 2006 in Hong Kong as a limited liability company, principal activities of which are provision of slimming and beauty services and sales of slimming and beauty products. Upon its incorporation, Perfect Skin Medical has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 4,900 shares to Ms. Li Yi Fan, 3,600 shares to Ms. Au-Yeung Wai and 1,500 shares to Ms. Au-Yeung Hung respectively. Pursuant to the trust deed dated 31 August 2006, Ms. Li Yi Fan held the 4,900 shares on trust on behalf of Dr. Au-Yeung due to a family arrangement since the date of incorporation of Perfect Skin Medical. Our Hong Kong legal advisors are of the view that the trust arrangement as between Ms Li Yi Fan and Dr. Au-Yeung is legally binding and valid. On 8 July 2009, Ms. Li Yi Fan transferred 1,000 shares and 3,900 shares she held in Perfect Skin Medical to Ms. Au-Yeung Hung and Dr. Au-Yeung at a consideration of HK\$1,000 and HK\$3,900 respectively and Ms. Au-Yeung Wai transferred 1,200 shares she held in Perfect Skin Medical to Dr. Au-Yeung at a consideration of HK\$1,200.

Slim Model

Slim Model was incorporated on 10 August 2007 in Hong Kong as a limited liability company. It operates the service centre in Causeway Bay. Upon its incorporation, Slim Model has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Slimming Medical

Slimming Medical was incorporated on 21 September 2007 in Hong Kong as a limited liability company for the purpose of property letting and is currently inactive. Upon its incorporation, Slimming Medical has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and it allotted and issued 5,100 shares to Dr. Au-Yeung, 2,500 shares to Ms. Au-Yeung Hung and 2,400 shares to Ms. Au-Yeung Wai respectively.

Perfect Shape Macau

Perfect Shape Macau is a private company incorporated on 30 November 2007 in Macau. It currently operates the service centre in Macau. The registered capital of Perfect Shape Macau is MOP100,000 upon its incorporation, of which Dr. Au-Yeung held one share (quota) worth MOP51,000.00, Ms. Au-Yeung Hung held one share (quota) worth MOP25,000.00 and Ms. Au-Yeung Wai held one share (quota) worth

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MOP24,000.00 respectively. On 1 December 2011, Perfect Shape Macau became our wholly-owned subsidiary as part of the Reorganisation as further described under the paragraph headed “The Reorganisation” below.

Following the series of share transfers in respect of some of the HK Slimming and Beauty Companies, as at 1 April 2008, Dr. Face, Perfect Shape & Spa KT, Perfect Shape & Spa MOS, Perfect Shape & Spa NP, Perfect Shape & Spa TP, Perfect Shape & Spa TST, Perfect Shape Holdings, Perfect Shape Investment Shanghai, Slim Model and Slimming Medical were held as to 51%, 25% and 24% by Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively; Perfect Shape & Skin, Perfect Shape & Skin CNT, Perfect Shape & Skin SS, Perfect Shape & Skin TKO, Perfect Shape & Skin TW, Perfect Shape & Skin YL, Perfect Shape & Spa TW, Perfect Shape & Skin Management and Perfect Skin Medical were held as to 49%, 15% and 36% by Ms. Li Yi Fan, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively; Perfect Shape & Spa, Perfect Shape & Spa CWB and Perfect Shape & Spa MK were held as to 49%, 20% and 31% by Ms. Li Yi Fan, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively; and Perfect Shape Advertising was held as to 50% by each of Dr. Au-Yeung and Ms. Au-Yeung Wai.

Following the several share transfers in respect of Perfect Shape & Skin Management and some of the HK Slimming and Beauty Companies during the Track Record Period, save and except Perfect Shape & Skin and Perfect Shape & Skin TW which were both held as to 49%, 20% and 31% by Ms. Li Yi Fan, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively and Perfect Shape Advertising which was held as to 50% by each of Dr. Au-Yeung and Ms. Au-Yeung Wai, all of the said Hong Kong subsidiaries set out above and Perfect Shape Macau were held as to 51%, 25% and 24% by Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.

Please refer to the paragraph headed “The Reorganisation” below in this section for the group charts of our Group after completion of the said share transfers and immediately prior to the Reorganisation.

PRC Subsidiaries

Perfect Shape Consultancy was incorporated under the laws of PRC in January 2009 as a wholly-owned subsidiary of Perfect Shape Investment Shanghai. Since then, eight subsidiaries were incorporated in the PRC and are wholly owned by Perfect Shape Consultancy. Details of the said eight PRC subsidiaries are set out below:

Beijing Snow Skin

Beijing Snow Skin was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 12 February 2010 with a registered capital of RMB1 million, business scope of which includes beauty services (excluding medical beauty services), fitness services and sales of cosmetic products. It currently operates the service centres at Beijing Guorui Shopping Centre (北京國瑞購物中心), Tianjin Milaiou Centre (天津米萊歐百貨), Beijing Oumehui Shopping Centre (北京歐美匯購物中心), Beijing Dongfang Xintiandi Plaza (北京東方新天地商場) and Beijing Dongfang Ginza Mall (北京銀座百貨).

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Shanghai Perfect Shape Consultancy

Shanghai Perfect Shape Consultancy was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 1 December 2010 with a registered capital of RMB1 million, business scope of which includes business management consultation, slimming services (excluding provision of beauty services and slimming services by medical or drug measures), fitness services; and in respect of its branches, provision of beauty services and wholesale of cosmetic products. It currently operates the service centres at Chengdu Lesen Shopping Centre (成都樂森購物中心), Shanghai Changning Longzimeng Shopping Centre (上海長寧龍之夢), Nanjing International Finance Centre (南京國際金融中心), Shanghai Hong Kong Plaza (上海香港廣場), Shanghai Wu Jiao Chang (上海五角場), Shanghai Bailian Shimao International Plaza (上海百聯世茂國際廣場), Shanghai Da Ning International Commercial Plaza (上海大寧國際商業廣場), Shanghai Jiajie International Plaza (上海嘉杰國際廣場), Shanghai Lianyang Plaza (上海聯洋廣場), Chongqing New World Department Store (Jiangbei Store) (重慶新世界百貨江北店), Shanghai Jinqiao Plaza (上海金橋廣場), Guangzhou Jiayu Taiyangcheng Plaza (廣州嘉裕太陽城), Guangzhou Guangbai Xinyicheng Shopping Centre (廣州廣百新一城), Shanghai Huarun Times Plaza Centre (上海華潤時代廣場), Beijing Beichen Shenghuo Plaza (北京北辰生活廣場), Dongguan Nancheng Zongyi Plaza (東莞南城綜藝廣場), Beijing Western Xizhimen Jiamao Centre (北京西直門嘉茂中心), Chengdu Yiteng Yanghua (成都伊藤洋華堂) and Shanghai Plaza 66 (上海恆隆廣場).

Shanghai Emma Consultancy

Shanghai Emma Consultancy was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 1 December 2010 with a registered capital of RMB1 million, business scope of which includes business management consultation, slimming services (excluding provision of beauty services and slimming services by medical or drug measures), fitness services; and in respect of its branches, provision of beauty services and wholesale of cosmetic products. It currently operates the service centres at Shenzhen Diwang Shopping Centre Xinxing Plaza (深圳信興廣場副樓(地王購物中心)), Shanghai Jiajie International Plaza (上海嘉杰國際廣場), Guangzhou Fubang Centre (廣州富邦中心), Shanghai Jinying Tiandi (上海金鷹天地), Chongqing New World Department Store (Jiangbei Store) (重慶新世界百貨江北店) and Guangzhou Guangbai Xinyicheng Shopping Centre (廣州廣百新一城).

Guangzhou Shape Perfect

Guangzhou Shape Perfect was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 26 November 2009 with a registered capital of RMB1 million, business scope of which includes the provision of beauty services (excluding medical beauty services) and sales of cosmetic products. It currently operates the service centres at Wuyuehua Commercial Plaza (五月花商業廣場), Guangzhou Panyu Zhuanhui Jewelry Plaza (廣州番禺鑽匯珠寶廣場) and Guangzhou Liying Shopping Mall (廣州麗影購物廣場).

HISTORY AND REORGANISATION

Guangzhou Perfect Shape

Guangzhou Perfect Shape was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 14 July 2009 with a registered capital of RMB1 million, business scope of which includes the provision of beauty services (excluding medical beauty services) and sales of cosmetic products. It currently operates the service centre at Guangzhou Zhonghua Plaza Centre (廣州中華廣場).

Guangzhou Emma Consultancy

Guangzhou Emma Consultancy was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 15 October 2010 with a registered capital of RMB500,000, business scope of which includes business management consultation, beauty and slimming consultation, fitness consultation, wholesale of cosmetic products, import and export of goods and technologies (other than those prohibited under relevant laws and administration procedures).

Shenzhen Shape Perfect

Shenzhen Shape Perfect was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 8 September 2009 with a registered capital of RMB1 million, business scope of which includes the provision of beauty services (excluding medical beauty services) and sales of cosmetic products, beauty and hairdressing product and equipment. It currently operates the service centre located in Shenzhen Haiancheng Centre (深圳海岸城廣場), Shenzhen Lowu Jinguanghua Plaza (深圳羅湖金光華廣場), Dongguan Yian Department Store Diwang Plaza (東莞地王廣場怡安百貨), Shenzhen NICO Nuren Shijie Mingdian (深圳NICO女人世界名店), Guangzhou Zhengjia Plaza (廣州正佳廣場), Shenzhen Xinyijia Centre (深圳新一佳), Dongguan Shiji Plaza (東莞世紀廣場) and Dongfang Plaza Pearl City (東方廣場明珠城).

Shanghai Mushi Consultancy

Shanghai Mushi Consultancy was established by Perfect Shape Consultancy as a limited liability company under the laws of the PRC on 1 December 2010 with a registered capital of RMB1 million, business scope of which includes business management consultation, slimming services (excluding provision of beauty services and provision of slimming service by medical or drug measures), fitness services and in respect of its branches, the provision of beauty services and wholesale of cosmetic products. It currently operates the service centres at Shenzhen Diwang Shopping Centre Xinxing Plaza (深圳信興廣場副樓(地王購物中心)) and Wuyuehua Commercial Plaza (五月花商業廣場).

Perfect Shape Consultancy

Perfect Shape Consultancy was established by Perfect Shape Investment Shanghai as a wholly foreign owned enterprise under the laws of the PRC on 15 January 2009 with a registered capital of RMB1 million of which its business scope include beauty and slimming consultation, fitness consultation, business management consultation,

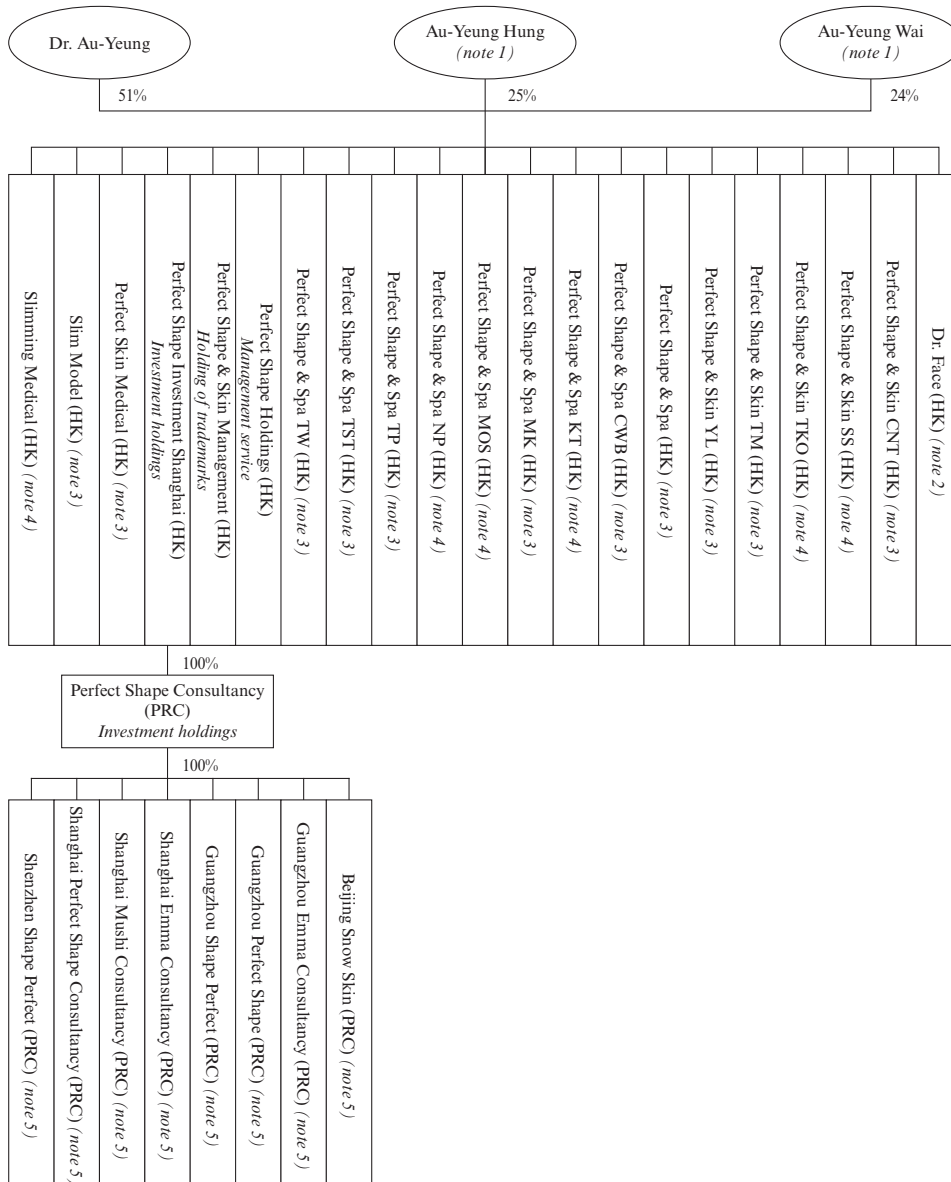
HISTORY AND REORGANISATION

wholesale, import of cosmetic products and provision of relevant supporting services (other than those prohibited under relevant laws and administrative procedures); and in respect of its branches provision of beauty services (excluding medical beauty services). Perfect Shape Consultancy is an investment holding company which directly holds the entire interests in the PRC Slimming and Beauty Companies.

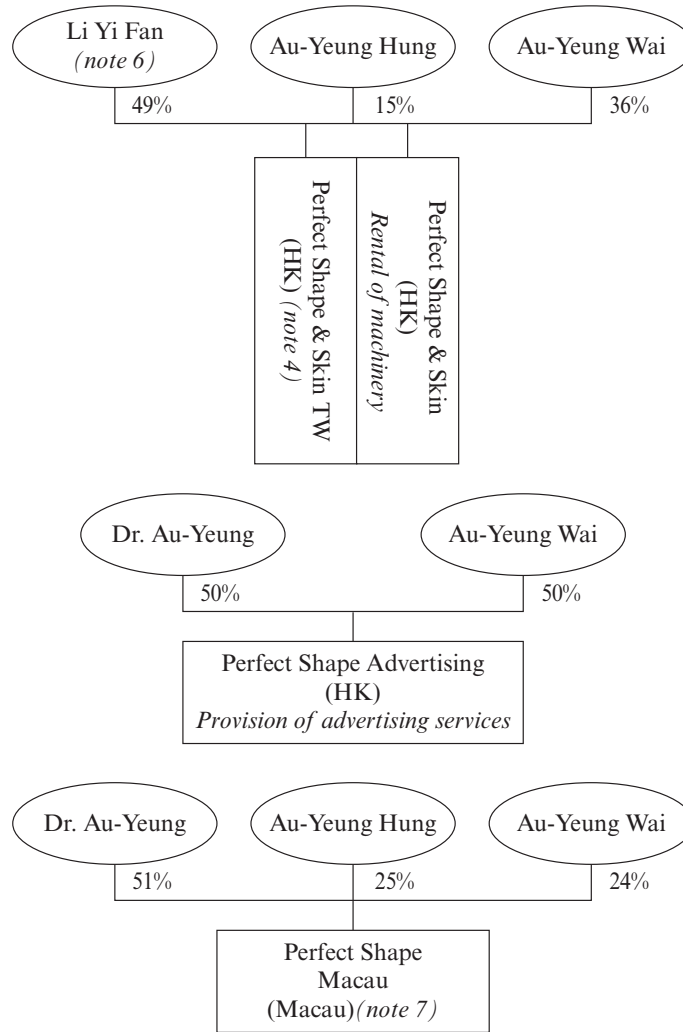
REORGANISATION AND CORPORATE STRUCTURE

The Reorganisation

The companies comprising our Group were directly owned by Dr. Au-Yeung and/or his family members, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai before the Reorganisation. The following charts set out the corporate structure of our Group immediately prior to the Reorganisation:



HISTORY AND REORGANISATION



Notes:

- (1) Ms. Au-Yeung Wai and Ms. Au-Yeung Hung, the executive Directors and Controlling Shareholders, are the sisters of Dr. Au-Yeung.
- (2) The principal business activities of Dr. Face are provision of medical beauty services in Hong Kong.
- (3) The principle business activities of each of these Hong Kong subsidiaries are provision of slimming and beauty services and sales of slimming and beauty products in Hong Kong.
- (4) The principle business activities of each of these Hong Kong subsidiaries are investment holdings or inactive.
- (5) The principle business activities of each of these PRC subsidiaries are provision of slimming and beauty services in the PRC.
- (6) Ms. Li Yi Fan is the mother of Dr. Au-Yeung, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung.
- (7) The principle business activities of Perfect Shape Macau are provision of slimming and beauty services in Macau.

HISTORY AND REORGANISATION

In anticipation of the Global Offering, we underwent the following Reorganisation as a result of which our Company became the holding company of the members of our Group:

- On 25 March 2011, Perfect Shape Holdings HK was incorporated with limited liability in BVI. 51, 25 and 24 shares of Perfect Shape Holdings HK representing 51%, 25% and 24% of the total issued share capital of Perfect Shape Holdings HK were issued and allotted at par to Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.
- On 25 March 2011, Perfect Shape Holdings China was incorporated with limited liability in BVI. 51, 25 and 24 shares of Perfect Shape Holdings China representing 51%, 25% and 24% of the total issued share capital of Perfect Shape Holdings China were issued and allotted at par to Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.
- Pursuant to the instrument of transfers and bought and sold notes all dated 15 November 2011, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Ms. Li Yi Fan respectively transferred their 15%, 36% and 49% equity interest in Perfect Shape & Skin and Perfect Shape & Skin TW to Perfect Shape Holdings HK respectively. Upon completion of these transfers, Perfect Shape & Skin and Perfect Shape & Skin TW became wholly-owned subsidiaries of Perfect Shape Holdings HK.
- Pursuant to the instrument of transfers and bought and sold notes all dated 15 November 2011, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively transferred their 51%, 25% and 24% equity interest in Dr. Face, Perfect Shape & Skin CNT, Perfect Shape & Skin SS, Perfect Shape & Skin TKO, Perfect Shape & Skin TM, Perfect Shape & Skin YL, Perfect Shape & Spa, Perfect Shape & Spa CWB, Perfect Shape & Spa KT, Perfect Shape & Spa MK, Perfect Shape & Spa MOS, Perfect Shape & Spa NP, Perfect Shape & Spa TP, Perfect Shape & Spa TST, Perfect Shape & Spa TW, Perfect Shape Holdings, Perfect Skin Medical, Slim Model and Slimming Medical to Perfect Shape Holdings HK. Upon completion of these transfers, Dr. Face, Perfect Shape & Skin CNT, Perfect Shape & Skin SS, Perfect Shape & Skin TKO, Perfect Shape & Skin TM, Perfect Shape & Skin YL, Perfect Shape & Spa, Perfect Shape & Spa CWB, Perfect Shape & Spa KT, Perfect Shape & Spa MK, Perfect Shape & Spa MOS, Perfect Shape & Spa NP, Perfect Shape & Spa TP, Perfect Shape & Spa TST, Perfect Shape & Spa TW, Perfect Shape Holdings, Perfect Skin Medical, Slim Model and Slimming Medical became wholly-owned subsidiaries of Perfect Shape Holdings HK.
- Pursuant to the transfer agreement dated 28 November 2011 entered into among Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Perfect Shape Holdings HK, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively transferred their 51%, 25% and 24% equity interest in Perfect Shape Macau to Perfect Shape Holdings HK. Upon completion of this transfer, Perfect Shape Macau became a wholly-owned subsidiary of Perfect Shape Holdings HK.

HISTORY AND REORGANISATION

- Pursuant to the instrument of transfers and bought and sold notes all dated 15 November 2011, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively transferred their 51%, 25% and 24% equity interest in Perfect Shape Investment Shanghai to Perfect Shape Holdings China. Upon completion of this transfer, Perfect Shape Investment Shanghai became a wholly-owned subsidiary of Perfect Shape Holdings China.
- On 11 March 2011, the Company was incorporated with limited liability in the Cayman Islands with authorised share capital of HK\$1,000,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.10 each. On the same day, 1 Share was allotted, issued and credited as fully paid to our Company's initial subscriber, which was subsequently transferred to Dr. Au-Yeung and on the same day, our Company allotted and issued, credited as fully paid, 50 Shares to Dr. Au-Yeung, 25 Shares to Ms. Au-Yeung Hung and 24 Shares to Ms. Au-Yeung Wai at par value. The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the Listing and as a result of which, our Company became the holding company of our Group.
- On 4 March 2011, 16 February 2011 and 17 March 2011, each of Sure Sino Investments, Market Event Holdings and Earlson Holdings were respectively incorporated with limited liability in BVI. 1 share of par value of US\$1.00 of each of Sure Sino Investments, Market Event Holdings and Earlson Holdings was issued and allotted at par to Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively and thus Sure Sino Investments, Market Event Holdings and Earlson Holdings were wholly owned by Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.
- Pursuant to the instrument of transfers and bought and sold notes all dated 30 November 2011, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai transferred their 51%, 25% and 24% equity interest in our Company to Sure Sino Investments, Market Event Holdings and Earlson Holdings respectively.
- Pursuant to the instrument of transfers and bought and sold notes all dated 15 November 2011, Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively transferred their 51%, 25% and 24% equity interest in Perfect Shape & Skin Management to our Company. Upon completion of these transfers, Perfect Shape & Skin Management became a wholly-owned subsidiary of our Company.
- Pursuant to the instrument of transfer and bought and sold note both dated 15 November 2011, Dr. Au-Yeung and Ms. Au-Yeung Wai respectively transferred their 50% and 50% equity interest in Perfect Shape Advertising to our Company. Upon completion of this transfer, Perfect Shape Advertising became a wholly-owned subsidiary of our Company.
- On 30 November 2011, our Company, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Perfect Shape Holdings HK entered into a share swap agreement (the "First Share Swap Agreement"). Pursuant to the First Share Swap

HISTORY AND REORGANISATION

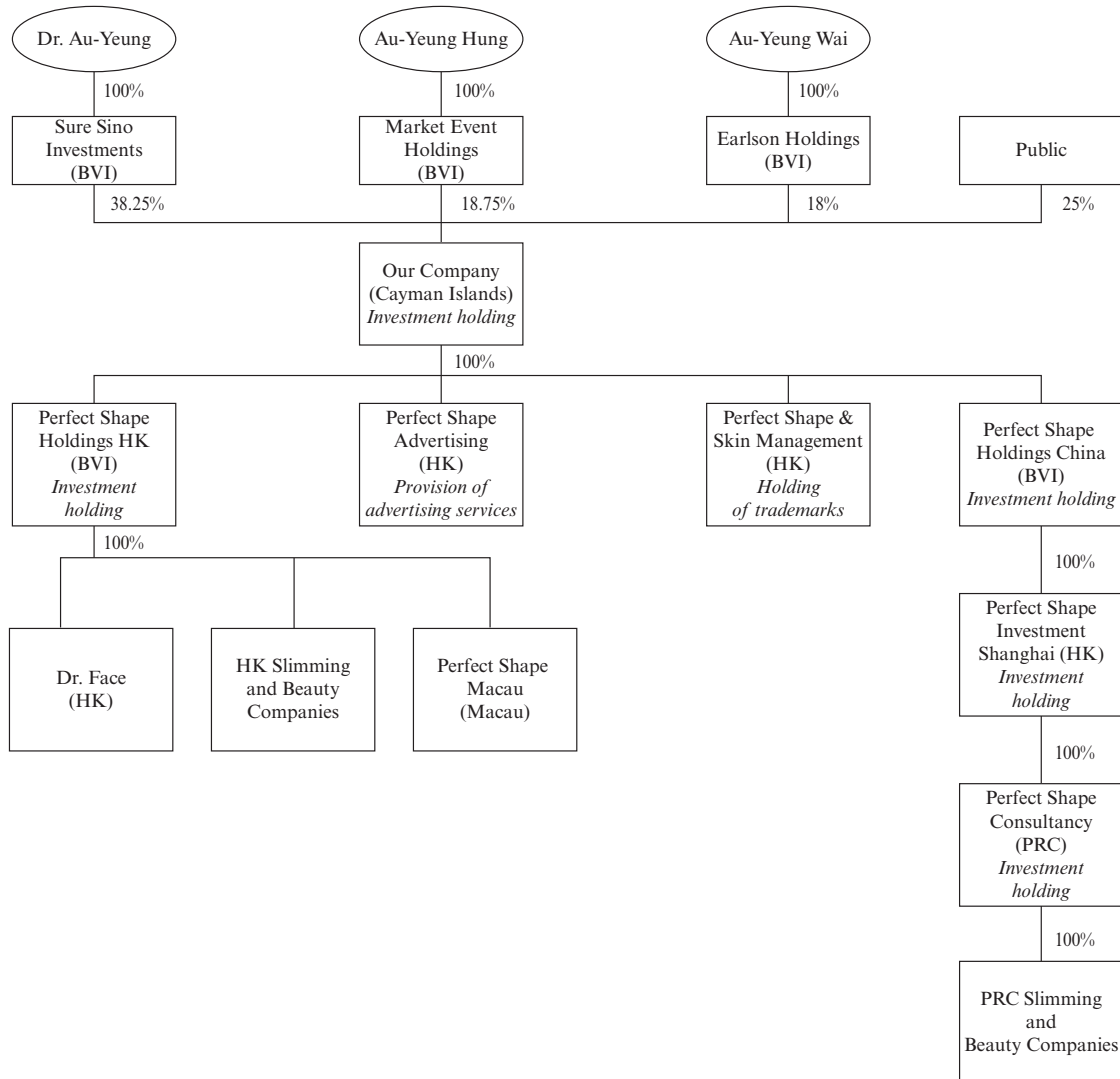
Agreement, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai transferred 51, 25 and 24 shares respectively, representing a total of 100% of the issued share capital in Perfect Shape Holdings HK to our Company in consideration and exchange of our Company, at the direction of Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai, issuing and allotting 51, 25 and 24 Shares, all credited as fully paid, to Sure Sino Investments, Market Event Holdings and Earlsion Holdings respectively.

- On 30 November 2011, our Company, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Perfect Shape Holdings China entered into a share swap agreement (the “Second Share Swap Agreement”). Pursuant to the Second Share Swap Agreement, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai transferred 51, 25 and 24 shares respectively, representing a total of 100% of the issued share capital in Perfect Shape Holdings China to our Company in consideration and exchange of our Company, at the direction of Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai, issuing and allotting 51, 25 and 24 Shares, all credited as fully paid, to Sure Sino Investments, Market Event Holdings and Earlsion Holdings respectively.

HISTORY AND REORGANISATION

Global Offering

The following chart shows our corporate and shareholding structure immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised and there is no allotment or issuing of new Share under the Share Option Scheme:



Note: If the Over-allotment Option is exercised in full, the shareholding of Sure Sino Investments, Market Event Holdings, Earlson Holdings and the public Shareholders will be approximately 36.87%, 18.07%, 17.35% and 27.71% respectively.