PERFECT SHAPE (PRC) HOLDINGS LIMITED
必瘦站（中國）控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 1830)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

- The Group's revenue increased by 6.1% year-on-year from HK$443.0 million to HK$470.2 million
- The Group's net profit for the year increased by 6.4% year-on-year from HK$78.0 million to HK$83.0 million
- Basic earnings per share was HK8.3 cents
- Final dividend per share proposed is HK3.8 cents
- Cash generated from operations for the year increased by 63.8% year-on-year from HK$68.3 million to HK$111.9 million

FINAL RESULTS

The board of directors (the "Board") of Perfect Shape (PRC) Holdings Limited (the "Company") announces the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	3	**470,236**	443,026
Other income		**7,882**	1,900
Other gains — net		**7,186**	690
Cost of inventories and consumables		**(10,570)**	(8,764)
Employee benefit and manpower services expenses	4	**(130,838)**	(110,839)
Marketing expenses		**(82,496)**	(78,134)
Depreciation		**(28,134)**	(23,729)
Operating lease rentals		**(56,046)**	(49,000)
Other operating expenses		**(70,597)**	(69,670)
Operating profit		**106,623**	105,480
Finance income		**3,172**	3,636
Profit before income tax		**109,795**	109,116
Income tax expense	5	**(26,771)**	(31,101)
Profit for the year attributable to equity holders of the Company		**83,024**	78,015
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**407**	1,185
Total other comprehensive income for the year		**407**	1,185
Total comprehensive income for the year attributable to equity holders of the Company		**83,431**	79,200
Earnings per share attributable to equity holders of the Company during the year	6		
— basic		**HK8.3 cents**	HK7.8 cents
— diluted		**HK8.3 cents**	HK7.8 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**62,620**	52,449
Deposits and prepayments		**19,685**	22,105
Deferred income tax assets		**6,900**	9,002
		89,205	83,556
Current assets			
Inventories		**3,044**	2,585
Trade receivables	8	**35,986**	19,371
Other receivables, deposits and prepayments		**43,838**	35,973
Financial assets at fair value through profit or loss		**—**	18,684
Term deposits with initial terms of over three months		**22,826**	58,137
Pledged bank deposits		**12,178**	55,548
Cash and cash equivalents		**178,902**	109,472
		296,774	299,770
Total assets		**385,979**	383,326
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**100,000**	100,000
Share premium		**91,748**	91,748
Other reserves		**7,910**	5,255
Retained earnings		**38,694**	44,918
Total equity		**238,352**	241,921

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**8,586**	5,710
Provision for reinstatement costs		**1,081**	1,998
		9,667	7,708
Current liabilities			
Provision for reinstatement costs		**486**	838
Trade payables	9	**1,379**	1,833
Accruals and other payables		**41,093**	35,958
Deferred revenue		**78,876**	79,168
Tax payables		**16,126**	15,900
		137,960	133,697
Total liabilities		**147,627**	141,405
Total equity and liabilities		**385,979**	383,326
Net current assets		**158,814**	166,073
Total assets less current liabilities		**248,019**	249,629

1 GENERAL INFORMATION

Perfect Shape (PRC) Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the provision of slimming and beauty services and the sales of slimming and beauty products in Hong Kong ("HK"), the People's Republic of China (the "PRC") and Macau.

The Company was incorporated in the Cayman Islands on 11 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 10 February 2012.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New standards, amendments to existing standards and interpretation adopted by the Group

HKAS 1 (amendment)	Presentation of financial statements
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 1 (amendment)	First-time adoption of Hong Kong Financial Reporting Standards — government loans
HKFRS 7 (amendment)	Disclosures — offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 13	Fair value measurements
Amendments to HKFRSs	Annual improvement to HKFRSs 2009–2011 cycle
HK(IFRIC) Int 20	Stripping costs in the production phase of a surface mine

The adoption of the above new standards, amendments to existing standards and interpretation did not have any significant impact on the preparation of the Group's consolidated financial statements.

(b) New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretation have been issued but are not effective in the current period and have not been early adopted:

HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation(3)
HKAS 19 (amendment)	Defined benefit plans(2)
HKAS 32 (amendment)	Offsetting financial assets and financial liabilities(1)
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets(1)
HKAS 39 (amendment)	Financial instruments: Recognition and measurement — novation of derivatives(1)
HKFRS 7 and 9 (amendment)	Mandatory effective date and transition disclosures(4)
HKFRS 9	Financial instruments(4)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendments)	Consolidation for investment entities(1)
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations(3)
HKFRS 14	Regulatory deferral accounts(3)
Amendment to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle(2)
Amendment to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle(2)
HK(IFRIC) Int 21	Levies(1)

(1) Effective for the Group for annual period beginning on 1 April 2014
(2) Effective for the Group for annual period beginning on 1 April 2015
(3) Effective for the Group for annual period beginning on 1 April 2016
(4) Effective date to be determined

The directors anticipate that the adoption of these new standards, amendments to standards and interpretation will not result in any significant impact on the results and financial position of the Group.

3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. As the Group is principally engaged in the provision of beauty and slimming treatments and the sales of beauty and slimming products, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

The Group primarily operates in Hong Kong, the PRC and Macau, and its revenue was derived from the following regions:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**182,292**	137,843
The PRC	**282,167**	298,852
Macau	**5,777**	6,331
	470,236	443,026

The consolidated profit before income tax of the Group, prior to certain intra-group recharges, was attributable to the profits of the following regions:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**28,484**	14,679
The PRC	**78,205**	91,217
Macau	**3,106**	3,220
	109,795	109,116

The Group's total non-current assets other than deferred income tax assets were located in the following regions:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**49,965**	33,727
The PRC	**32,326**	40,562
Macau	**14**	265
	82,305	74,554

4 EMPLOYEE BENEFIT AND MANPOWER SERVICES EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Wages and salaries	**91,475**	95,913
Pension costs — defined contribution plans *(note a)*	**3,549**	9,670
Other staff welfares	**4,183**	5,256
Total employee benefit expenses (including directors' remunerations)	**99,207**	110,839
Manpower service costs *(note b)*	**31,631**	—
	130,838	110,839

Notes:

(a) Hong Kong

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Hong Kong subsidiaries of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The respective monthly contributions made by the Group and the employee are subject to a cap of HK$1,250 (2013: a cap of HK$1,000 prior to 1 June 2012 and HK$1,250 thereafter) with contributions beyond these amounts being voluntary.

The PRC

As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. Depending on the provinces of their registered residences and their current regions of work, the employees contribute approximately 0% to 12% (2013: 0% to 11%) of their basic salaries, while the subsidiaries contribute approximately 11% to 35% (2013: 16% to 37%) of the basic salaries of its employees and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

(b) During the year ended 31 March 2014, the Group entered into certain manpower service arrangements with several external manpower service organisations in the PRC. Under these arrangements, certain of the Group's manpower requirements were fulfilled by these organisations at agreed service fees whereas the human resources provided were directly employed by the relevant service organisations. The individuals providing services to the Group do not have any employment relationship with the Group.

5 INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) for the year on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operated in the PRC are subject to PRC corporate income tax at the rate of 25% (2013: 25%). Companies established and operated in Macau is subject to Macau complementary tax, which is 9% on taxable income above MOP200,000 but below MOP300,000, and thereafter at a fixed rate at 12% for the years ended 31 March 2014 and 2013.

	2014	2013
	HK$'000	*HK$'000*
Current income taxation		
— Hong Kong profits tax	**2,973**	4,086
— PRC corporate income tax	**16,349**	20,725
— Macau income tax	**408**	387
	19,730	25,198
Under-provision in prior years		
— Hong Kong profits tax	**568**	617
Total current income taxation	**20,298**	25,815
Deferred taxation	**6,473**	5,286
	26,771	31,101

6 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**83,024**	78,015
Weighted average number of ordinary shares for the purposes of basic earnings per share *(thousand of share)*	**1,000,000**	1,000,000
Basic earnings per share *(HK cents per share)*	**8.3**	7.8

Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

7 DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim, paid, of HK4.3 cents (2013: HK3.3 cents) per ordinary share *(notes i and ii)*	**43,000**	33,000
Final, proposed, of HK3.8 cents (2013: HK4.4 cents) per ordinary share *(notes iii and iv)*	**38,000**	44,000
	81,000	77,000

Notes:

(i) At a board meeting held on 26 November 2012, the directors declared an interim dividend for the year ended 31 March 2013 of HK3.3 cents per ordinary share, totalling HK$33,000,000, which was paid on 11 January 2013 and was reflected as an appropriation of retained earnings for the year ended 31 March 2013.

(ii) At a board meeting held on 28 November 2013, the directors declared an interim dividend for the year ended 31 March 2014 of HK4.3 cents per ordinary share, totalling HK$43,000,000, which was paid on 13 January 2014 and was reflected as an appropriation of retained earnings for the year ended 31 March 2014.

(iii) At a board meeting held on 26 June 2013, the directors recommended the payment of a final dividend of HK4.4 cents per ordinary share, totalling HK$44,000,000, for the year ended 31 March 2013. The amount was paid on 18 September 2013 and was reflected as an appropriation of retained earnings for the year ended 31 March 2014.

(iv) At a board meeting held on 30 June 2014, the directors recommended the payment of a final dividend of HK3.8 cents per ordinary share, totalling HK$38,000,000. The dividend was not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2015 after receiving the shareholders' approval at the forthcoming annual general meeting.

8 TRADE RECEIVABLES

The credit terms of the Group's trade receivables generally range from 3 days to 180 days. The ageing analysis of trade receivables by the dates on which the relevant invoices are issued is as follows:

	2014	2013
	HK$'000	*HK$'000*
Less than 60 days	**31,899**	14,291
60 days to 90 days	**1,350**	1,805
91 days to 120 days	**800**	1,320
Over 120 days	**1,937**	1,955
	35,986	19,371

At 31 March 2014, trade receivables of approximately HK$2,456,000 (2013: HK$740,000) were past due but not considered to be impaired because they were mainly related to a number of financial institutions of high individual credit ratings with no recent history of default. The ageing analysis of these trade receivables by the days of overdue repayment is as follows:

	2014	2013
	HK$'000	*HK$'000*
Less than 60 days	**2,416**	391
60 days to 120 days	**24**	49
Over 120 days	**16**	300
	2,456	740

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have significant defaults in the past.

As at 31 March 2014 and 2013, no collateral was received from these counterparties.

As at 31 March 2014 and 2013 and during the years then ended, no trade receivables were impaired.

9 TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 30 to 180 days (2013: 30 to 180 days).

At 31 March 2014, the ageing analysis of trade payables based on invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
Less than 60 days	**207**	957
60 days to 120 days	**12**	199
Over 120 days	**1,160**	677
	1,379	1,833

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

For the year ended 31 March 2014, the Group recorded revenue growth of 6.1% to approximately HK$470.2 million. Profit before income tax in Hong Kong increased by 94.0% year-on-year to HK$28.5 million. Operating profit margin was 22.7% (FY2013: 23.8%). The slight change was mainly due to the initial start-up costs incurred from network expansion. Profit attributable to shareholders of the Group increased by 6.4% year-on-year. Net profit margin remained at a remarkable level of around 18%.

Hong Kong and Macau Business

During the year under review, revenue contributed from the Hong Kong and Macau markets recorded a promising growth of 30.4% to HK$188.1 million, from HK$ 144.2 million in FY2013. As the Group continues to grow, it has been closely examining the market trends. Apart from the traditional slimming services which the Group has offered since inception, it began to tap the medical beauty segment in Hong Kong shortly after listing in 2012 and this business has started to bear fruits during the year under review. Targeted towards the middleclass, medical beauty services include non-invasive anti-aging and beauty treatments that deliver high profit margins.

With such focused positioning, the medical beauty services have soon become a significant growth driver and made promising contribution to the Group. We believe there are more potentials to be unleashed from the market. Led by our Chairman who is a registered medical practitioner in Hong Kong, our management team will continue to bring state-of-the-art medical beauty treatment to meet the huge demand.

With respect to the Macau market, we remain committed to building our presence in the enclave. During the reporting year, our business has continued to enjoy satisfactory result.

The PRC Business

The Group has a strong network in the PRC. During the year under review, revenue contributed from the PRC market was HK$282.2 million (FY2013: 298.9 million), contributing 60% of the Group's revenue. With the government self-imposed macroeconomic discipline that led to softness in both domestic and external economies, the Group faced challenges in the PRC's retail market. Heedless of this unfavourable environment, the Group has successfully leveraged on its leading market position and board-based clientele. To counter this impact, we delegated more resources to further enhance brand awareness with an aim to attract a broader base of clients. Some of such promotions were to offer generous discount on our slimming treatments so as to strategically capture more new customers and expand our member base. With all these efforts, we succeeded in attracting a significant number of new members. During the year under review, PRC members boosted 46% to 95,000 members. In view of consumers ongoing migration towards premium brands for beauty services, the Group intends to replicate its successful business model of medical beauty in Hong Kong to the PRC market, offering one-stop services including both slimming and medical beauty treatments.

Leveraging our management's strong medical background and the Group's advanced technology, we are ready to lead the trend of non-invasive medical beauty treatments and instill our high standard of medical beauty service into our impressive client base. The Group intends to incorporate medical beauty units in the existing slimming centres in the forth-coming financial year and these comprehensive service centres will add impressive dynamic to our business. With the establishment of medical beauty service centres, the Group will be able to increase customer numbers and brand loyalty even further.

Prospects

Moving forward, the management remains optimistic about the Group's prospects in the principal markets of Hong Kong and the PRC, despite modest economic growth anticipated on both sides of the border.

In respect of Hong Kong, the Group will continue with its goal of not only satisfying each customer's needs, but exceeding their expectations. Our business intelligence team will continue with its analysis of big data to identify customer's intrinsic need. In order to establish an amiable interdependence with our customers, the Group addresses customers genuine needs with sincerity and offers safe, quality and considerate services to customers. A graceful and comfortable service environment can give assurance that customers enjoy the most fabulous experience in our service centres.

Always with consumers in mind, the Group decided to establish one-stop service platforms that cater for their beauty and wellness requirements. After FY2014, the Group opened a mega service centre in 18/F Langham Place, Mongkok, Hong Kong. The opening of this mega service centre marked a new milestone for the Group's business development. This mega centre offers six areas of expertise; specifically, slimming services, non-invasive medical beauty services, high-end anti-aging services, laser hair removal services, lymphatic drainage detox services and men's beauty services.

In addition, our medical beauty and slimming service centres are situated in prime locations with convenient customer access and attractive design. To better cater for the needs of Perfect Shape members, the opening of additional mega centres is planned. Building on the success of the mega centre in 18/F Langham Place, Mongkok, another two mega centres in Causeway Bay and Mongkok will be opened in July and August 2014 respectively, allowing even more customers to benefit from one-stop slimming and medical beauty services.

While the Group's development in Hong Kong remains promising, its prospects in the PRC show even greater promise. With an increasingly large number of people who are obese, and generally more and more individuals who are overweight, the need for slimming services will continue to rise. And given that there is a growing middleclass, particularly women who care about their appearance, the demand for beauty and slimming services will further grow. In view of such trends, the Group will continue to replicate the success of its Hong Kong medical beauty business model to the PRC market, and thereby provide one-stop services to local customers. This will allow the Group to further expand its customer base, enhance spending per customer and move it one step closer towards its goal of becoming the largest premium slimming and medical beauty services provider in Mainland China.

Management believes that medical beauty is a trend that will continue to grow, the Group's mega centres will be able to capitalise on this trend, leading to further rise in revenue and profit. In addition, slimming and medical beauty market in Hong Kong and China will continue to be underpinned by strong demand as a larger portion of population moves up the economic ladder.

It is worth noting that the Group has recently been able to attract three renowned investors; namely, Templeton, Fidelity and Value Partners Funds. The ability to bring in such famous funds while continuing to benefit from the staunch support of existing partners underscores the soundness of the Group's business strategies. The management will duly employ such strategies to spur business expansion, sustain growth momentum and deliver fair returns to the Company's shareholders, maintaining its commitment to a 100% dividend payout policy.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 March 2014 was HK$238.4 million (FY2013: HK$241.9 million). The Group generally finances its operation with internal generated cash flows. The Group had bank and cash balance of approximately HK$213.9 million as at 31 March 2014 (FY2013: HK$223.2 million), with no external bank borrowing. The Group's gearing ratio as at 31 March 2014 was nil (FY2013: nil), based on the short-term and long-term interest bearing bank borrowings and the equity attributable to equity holders of the Company. As at 31 March 2014, the Group had net current assets of approximately HK$158.8 million (FY2013: HK$166.1 million).

Cash generated from operations in FY2014 was approximately HK$111.9 million (FY2013: HK$68.3 million). With the healthy bank and cash balances on hand, the Group's liquidity position remains strong and it has sufficient financial resources to fund its future plans but at the same time to meet its working capital requirement.

Foreign Exchange Exposure

Since the Group's assets and liabilities, revenue and payments are mainly denominated in Hong Kong Dollars and Renminbi, the Group considers that there is no significant exposure to foreign exchange fluctuations.

Employees and Remuneration Policies

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

The Group employed a total work force of 691 employees as at 31 March 2014 (FY2013: 829 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The Group has been constantly reviewing staff remuneration package to ensure it is competitive with relevant industries.

Capital commitments

As at 31 March 2014, the Group had the following capital commitments.

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	**8,967**	2,846

Contingent liabilities

As at 31 March 2014, the Group did not have any significant contingent liabilities.

DIVIDEND

The directors of the Company recommended a payment of a final dividend equivalent to HK3.8 cents per share of the Company (the "Share") for the year ended 31 March 2014 to the shareholders of the Company (the "Shareholders") whose names appear on the register of Shareholders on Friday, 22 August 2014, together with interim dividend of HK4.3 cents per share paid, the total dividend for the year ended 31 March 2014 amounted to HK8.1 cents per share.

The proposed final dividend is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company and will be paid on or around Thursday, 18 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 August 2014 to Friday, 15 August 2014 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the annual general meeting of the Company, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 August 2014.

The register of members of the Company will be closed from Thursday, 21 August 2014 to Friday, 22 August 2014 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the final dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 August 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2014, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the issue mentioned in the following paragraph.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 March 2014, Dr. Au-Yeung Kong is both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO"); therefore, the Group does not at present separate the roles of the Chairman and the CEO.

The Board considered that Dr. Au-Yeung Kong has in-depth knowledge and experience in the slimming and beauty industry and is the appropriate person to manage the Group, therefore, the roles of Chairman and CEO exercised by the same individual, Dr. Au-Yeung Kong, is beneficial to the business prospects and management of the Group. Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of the Company as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the directors and all directors of the Company have confirmed that they have complied with the Model Code during the year ended 31 March 2014.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

The Audit Committee comprises three independent non-executive directors of the Company, namely, Ms. Hsu Wai Man, Helen, Ms. Pang Siu Yin and Mr. Chi Chi Hung, Kenneth. Ms. Hsu Wai Man, Helen is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the financial statements and annual results for the year ended 31 March 2014.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.perfectshape.com.hk) and the Stock Exchange's website (http://www.hkex.com.hk). The 2014 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Perfect Shape (PRC) Holdings Limited
Dr. Au-Yeung Kong
Chairman

Hong Kong, 30 June 2014

As at the date of this announcement, the Board comprises Dr. Au-Yeung Kong, Ms. Au-Yeung Wai, and Ms. Au-Yeung Hung as executive directors of the Company and Ms. Hsu Wai Man, Helen, Ms. Pang Siu Yin and Mr. Chi Chi Hung, Kenneth as independent non-executive directors of the Company.