PERFECT SHAPE BEAUTY TECHNOLOGY LIMITED

必瘦站美容科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1830)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

HIGHLIGHTS

- The Group's revenue increased by 20.6% year-on-year from HK$728.7 million to HK$879.1 million
- The Group's earnings before interest, tax and depreciation for the year increased by 8.4% year-on-year from HK$215.7 million to HK$233.8 million
- The Group's net profit for the year eased by 3.7% to HK$130 million
- Basic earnings per share was HK11.6 cents
- Final dividend per share proposed is HK4.9 cents

FINAL RESULTS

The board of directors (the "Board") of Perfect Shape Beauty Technology Limited (the "Company") announces the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	3	**879,122**	728,655
Other income		**2,055**	2,819
Other losses — net		**(8,110)**	(1,101)
Cost of inventories and consumables		**(16,034)**	(15,056)
Employee benefit and manpower service expenses	4	**(266,796)**	(228,210)
Marketing expenses		**(113,698)**	(73,810)
Depreciation		**(79,796)**	(45,781)
Operating lease rentals		**(105,486)**	(80,887)
Other operating expenses		**(137,290)**	(116,683)
Operating profit		**153,967**	169,946
Finance income		**6,747**	6,797
Profit before income tax		**160,714**	176,743
Income tax expense	5	**(30,697)**	(41,831)
Profit for the year attributable to equity holders of the Company		**130,017**	134,912
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(4,651)**	(1,844)
Fair value losses of available-for-sale financial assets		**(7,805)**	—
Total other comprehensive loss for the year, net of tax		**(12,456)**	(1,844)
Total comprehensive income for the year attributable to equity holders of the Company		**117,561**	133,068
Earnings per share attributable to equity holders of the Company for the year	6		
— basic		**HK11.6 cents**	HK12.1 cents
— diluted		**HK11.6 cents**	HK12.1 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**229,161**	198,532
Deposits and prepayments		**33,637**	23,692
Available-for-sale financial assets		**37,934**	—
Deferred income tax assets		**7,854**	7,056
		308,586	229,280
Current assets			
Inventories		**4,507**	1,718
Trade receivables	8	**57,183**	61,056
Other receivables, deposits and prepayments		**48,874**	47,978
Term deposits with initial terms of over three months		**26,829**	202
Pledged bank deposits		**24,881**	12,270
Cash and cash equivalents		**234,926**	387,253
		397,200	510,477
Total assets		**705,786**	739,757
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**112,200**	112,697
Share premium		**302,016**	308,185
Other reserves		**(2,266)**	7,687
Retained earnings		**55,377**	64,098
Total equity		**467,327**	492,667
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**15,052**	13,398
Provision for reinstatement costs		**5,281**	2,522
		20,333	15,920
Current liabilities			
Provision for reinstatement costs		**1,554**	2,582
Trade payables	9	**932**	1,282
Accruals and other payables		**67,831**	57,608
Deferred revenue		**132,097**	149,378
Tax payables		**15,712**	20,320
		218,126	231,170
Total liabilities		**238,459**	247,090
Total equity and liabilities		**705,786**	739,757

1 GENERAL INFORMATION

Perfect Shape Beauty Technology Limited (formerly known as 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 on 10 February 2012.

Pursuant to a special resolution passed on 23 February 2016, the board of directors resolved to change the name of the Company from "Perfect Shape (PRC) Holdings Limited" to "Perfect Shape Beauty Technology Limited" which become effective on 23 February 2016.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 30 June 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") under the historical cost convention, as modified by the revaluation of available-for-sale financial assets 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) Amendments to existing standards adopted by the Group

Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions

The adoption of the above amendments has no significant impact to the Group's financial position and operating results.

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

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	The Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Annual Improvements 2012–2014 Cycle	Improvements to HKFRSs	1 January 2016

The directors are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards and are not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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 services 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 that 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:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**593,850**	427,759
The PRC	**260,326**	285,099
Macau	**24,946**	15,797
	879,122	728,655

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

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**113,610**	80,682
The PRC	**29,991**	85,061
Macau	**17,113**	11,000
	160,714	176,743

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

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**207,591**	188,006
The PRC	**51,945**	31,602
Macau	**3,262**	2,616
	262,798	222,224

The Group's capital expenditures were incurred in the following regions:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**73,801**	163,670
The PRC	**36,987**	13,290
Macau	**1,334**	2,129
	112,122	179,089

Capital expenditures were allocated based on where the assets were located.

4 EMPLOYEE BENEFIT AND MANPOWER SERVICE EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Wages and salaries	**241,308**	192,674
Pension costs — defined contribution plans *(Note a)*	**13,775**	11,661
Share-based payment expenses	**1,483**	—
Other staff welfares	**6,446**	7,075
Total employee benefit expenses (including directors' remunerations)	**263,012**	211,410
Manpower service costs *(Note b)*	**3,784**	16,800
	266,796	228,210

(a) Pension costs — defined contribution plans

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 prior to 1 June 2014 and HK$1,500 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 11% (2015: 0% to 12%) of their basic salaries, while the subsidiaries contribute approximately 16% to 35% (2015: 11% to 35%) 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) Manpower service costs

During the years ended 31 March 2016 and 2015, 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% (2015: 16.5%) for the year on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% (2015: 25%). Companies incorporated and operating in Macau are subject to Macau complementary tax, under which taxable income of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 March 2016 and 2015.

	2016	2015
	HK$'000	*HK$'000*
Current income taxation		
— Hong Kong profits tax	**21,060**	11,165
— PRC corporate income tax	**5,774**	21,168
— Macau income tax	**2,053**	1,320
	28,887	33,653
Over-provision in prior years		
— Hong Kong profits tax	**(2,496)**	(538)
Total current income taxation	**26,391**	33,115
Deferred taxation	**4,306**	8,716
	30,697	41,831

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.

	2016	2015
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**130,017**	134,912
Weighted average number of ordinary shares for the purposes of basic earnings per share *(thousands of shares)*	**1,124,257**	1,117,835
Basic earnings per share *(HK cents per share)*	**11.6**	12.1

Diluted

Diluted earnings per share is of the same amount as the basic earnings per share. During the year ended 31 March 2016, the exercise of the outstanding share options would be anti-dilutive.

7 DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Interim, paid, of HK6.7 cents (2015: HK5.8 cents) per ordinary share *(notes i and iii)*	**75,129**	65,521
Final, proposed, of HK4.9 cents (2015: HK5.6 cents) per ordinary share *(notes ii and iv)*	**54,978**	63,086
	130,107	128,607

Notes:

(i) At a board meeting held on 18 November 2014, the directors declared an interim dividend for the year ended 31 March 2015 of HK5.8 cents per ordinary share, totaling HK$65,521,000, which was paid on 2 January 2015 and was reflected as an appropriation of retained earnings for the year ended 31 March 2015.

(ii) At a board meeting held on 29 June 2015, the directors recommended the payment of a final dividend of HK5.6 cents per ordinary share, totaling HK$63,086,000 for the year ended 31 March 2015. The amount was paid on 15 September 2015 and was reflected as an appropriation of retained earnings for the year ended 31 March 2016.

(iii) At a board meeting held on 18 November 2015, the directors declared an interim dividend for the year ended 31 March 2016 of HK6.7 cents per ordinary share, totaling HK$75,129,000, which was paid on 4 January 2016 and was reflected as an appropriation of retained earnings for the year ended 31 March 2016.

(iv) At a board meeting held on 30 June 2016, the directors recommended the payment of a final dividend of HK$4.9 cents per ordinary share, totaling HK$54,978,000. 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 2017 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 (2015: 3 days to 180 days). The ageing analysis of trade receivables by the dates on which the relevant invoices are issued is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 60 days	**47,057**	57,369
60 days to 90 days	**7,330**	3,416
91 days to 120 days	**2,796**	271
	57,183	61,056

At 31 March 2016, trade receivables of approximately HK$7,996,000 (2015: HK$5,173,000) 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:

	2016	2015
	HK$'000	*HK$'000*
Less than 60 days	**7,983**	4,429
60 days to 120 days	**13**	744
	7,996	5,173

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 2016 and 2015, no collateral was received from these counterparties.

As at 31 March 2016 and 2015 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 (2015: 30 to 180 days).

At 31 March 2016, the ageing analysis of trade payables based on invoice date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 60 days	**88**	531
60 days to 120 days	**182**	113
Over 120 days	**662**	638
	932	1,282

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

For the year ended 31 March 2016, the Group recorded revenue growth of 20.6% to approximately HK$879 million. Profit before income tax eased to 9% year-on-year from HK$177 million to HK$161 million. Operating profit margin and net profit margin remained healthy position at 17.5% and 14.8% respectively. Profit attributable to shareholders of the Group eased by 3.7% to HK$130 million year-on-year.

Hong Kong and Macau Business

During the year under review, revenue contributed from the Hong Kong and Macau markets recorded a promising growth of 39.4% to HK$619 million from HK$444 million in FY2015. 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 high technology beauty segment in Hong Kong shortly after listing in 2012 and this business has started to bear fruits during the year under review. Such stellar performance can be attributed to the Group's strong capability of answering customers' needs on a physical and psychological level, while also allowing the Group to benefit from higher efficiency and economies of scale.

With such focused positioning, the high technology beauty service business has soon become a significant growth driver and made promising contribution to the Group. We believe that 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 high technology beauty treatments to meet the huge demand.

Drawing from the success of our Hong Kong operation, we have transplanted the Hong Kong business model to Macau, resulting in similarly encouraging performance. Compared with last financial year, we recognised a significant growth of revenue of 57.9% in Macau.

The PRC Business

The Group has well established a strong network in the PRC. During the year under review, revenue contributed from the PRC market was HK$260 million (FY2015: HK$285 million), contributing 29.6% of the Group's total 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. As with previous marketing policy, the Group delegated more resources to further enhance brand awareness with the aim of attracting a broader base of clients. The Group launched a client-referral program and this program strategically aims to capture more new customers to expand our member base. With all these efforts, we succeeded in attracting a significant number of new members. During the year under review, the number of the PRC new members increased by 18% to 138,000 members when compared with the same period of last year.

Leveraging our management's strong medical background and the Group's advanced technology, we are committed to leading the trend of high technology beauty treatments and instill our high standard of high technology beauty services into our impressive clientele base. The Group intends to integrate high technology beauty services into the existing slimming centres in the forth-coming financial year and these comprehensive service centres will add impressive dynamic to our business. With the expansion of high technology beauty service centres, the Group will be able to extend our customer base and brand loyalty even further.

In view of consumers' ongoing migration towards premium brands for beauty services, the Group is set to replicate its successful business model of high technology beauty services in Hong Kong to the PRC market, offering one-stop services including both slimming and high technology beauty treatments.

Prospects

The outlook for the retail market in Hong Kong and Mainland China remains challenging and difficult given the lingering global economic uncertainties. The recoveries of developed economies will be slow and patchy, with downward pressures on emerging market economies still prominent.

Whilst economic growth in Mainland China has moderated in recent years, the country, as the world's second largest economy, is expected to remain the key growth driver for the world economy. The ongoing economic reforms and expansion of middle and upper classes in Mainland China will drive sustainable growth in consumption on healthcare and beauty. As a reputable service provider, Perfect Shape is well positioned to benefit from the growth opportunities in the healthcare and beauty services.

In respect of Hong Kong, the Group will continue with its goal of not only satisfying customers' needs, but exceeding their expectations. Our business intelligence team will continue with its analysis of big data to identify customers' intrinsic needs. 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.

As for the operations in Mainland China, the Group will continue to provide top-notch customers' experience, as well as high-quality service to cater for the needs of the more sophisticated and quality conscious customers. With an increasingly large number of people who are obese, and generally more and more individuals who are overweight, the need for slimming and high technology beauty services will continue to rise. In addition, given that there is a growing middle class, particularly women who care about their appearance, the demand for slimming and high technology beauty services will grow further. In view of such trends, the Group will continue to replicate the success of its Hong Kong high technology beauty service 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 high technology beauty services provider in Mainland China.

Management believes that high technology 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. With the Group's strong brand equity and competent management team, the Board believes that the Group will continue to thrive and deliver better return to its shareholders.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 March 2016 was HK$467 million (FY2015: HK$493 million). The Group generally finances its operation with internally generated cash flows. The Group had bank and cash balance of approximately HK$287 million as at 31 March 2016 (FY2015: HK$400 million), with no external bank borrowing. The Group's gearing ratio as at 31 March 2016 was nil (FY2015: 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 2016, the Group had net current assets of approximately HK$179 million (FY2015: HK$279 million).

Cash generated from operations in FY2016 was approximately HK$218 million (FY2015: HK$274 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

The Group principally engages its business operation in Hong Kong and Mainland China. The Group has subsidiaries operating in Mainland China, in which most of their transactions are denominated in Chinese Renminbi. The Group is exposed to foreign exchange fluctuations from Chinese Renminbi which is the main foreign currency transacted by the Group during the year. The Group has not entered into any foreign exchange contract as hedging measures.

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 1,494 employees as at 31 March 2016 (FY2015: 1,099 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 2016, the Group had the following capital commitments.

	2016	2015
	HK$'000	*HK$'000*
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	**719**	6,254

Events after the Balance Sheet Date

On 27 April 2016, the Group granted 5,552,000 share options to each of the Company's three executive directors which amounted to a total of 16,656,000 share options granted. Each share option entitles the holder to subscribe for one ordinary share of the Company at an exercise price of HK$0.9 per share subject to a vesting period of 3 years from the date of grant.

DIVIDEND

The Board recommended a payment of a final dividend equivalent to HK4.9 cents per share of the Company (the "Share") for the year ended 31 March 2016 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members on Wednesday, 24 August 2016, together with interim dividend of HK6.7 cents per Share paid, the total dividend for the year ended 31 March 2016 amounted to HK11.6 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 Monday, 19 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 11 August 2016 to Monday, 15 August 2016 (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 Wednesday, 10 August 2016.

The register of members of the Company will be closed from Monday, 22 August 2016 to Wednesday, 24 August 2016 (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 Friday, 19 August 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, the Company repurchased and cancelled a total of 4,540,000 ordinary Shares of HK$0.1 each on the Stock Exchange. The purchase of the Shares during the year was effected by the directors of the Company, pursuant to the mandate from the Shareholders received at the last annual general meeting with a view of consistently undervalue of the price. The number of issued Shares as of 31 March 2016 was 1,122,000,000. Particulars of the Shares repurchased are as follows:

Month of repurchase	Number of ordinary Shares repurchased	Purchase price paid per Share Highest *HK$*	Lowest *HK$*	Aggregate consideration paid *HK$*
July 2015	2,780,000	1.58	1.48	4,287,880
August 2015	116,000	1.36	1.34	157,040
December 2015	440,000	1.11	1.11	488,400
January 2016	1,204,000	1.03	1.01	1,235,440
	4,540,000			6,168,760

Save as disclosed above, during the year ended 31 March 2016, 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 2016, 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 issues mentioned in the following paragraphs.

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 2016, 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 the Chairman and the CEO performed 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.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent non-executive director of the Company was absent from the extraordinary general meeting of the Company held on 23 February 2016 due to other important business engagement at the relevant time.

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 of the Company and all directors of the Company have confirmed that they have complied with the Model Code during the year ended 31 March 2016.

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 and 15 January 2016 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 risk management 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, Mr. Chi Chi Hung, Kenneth and Ms. Cho Yi Ping. 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 2016.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2016 as set out in this annual results announcement 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 this annual results 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 2016 annual report for the year ended 31 March 2016 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the same websites in due course.

By order of the Board
Perfect Shape Beauty Technology Limited
Dr. Au-Yeung Kong
Chairman

Hong Kong, 30 June 2016

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, Mr. Chi Chi Hung, Kenneth and Ms. Cho Yi Ping as independent non-executive directors of the Company.