

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Perfect Shape Medical Limited (the "Company"), you should at once hand this circular with the enclosed Election Form (if applicable) to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PERFECT SHAPE MEDICAL LIMITED

必瘦站醫學美容有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1830)

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND AND SPECIAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2020

If you wish to receive the Final Dividend and the Special Dividend **wholly or partly in the form of Scrip Shares instead of in cash**, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Wednesday, 16 September 2020.

1 September 2020

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Perfect Shape Medical Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Exchange
“Director(s)”	the director(s) of the Company
“Election Form(s)”	the form(s) of election in relation to the Scrip Dividend Scheme
“Eligible Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date
“Exchange”	The Stock Exchange of Hong Kong Limited
“Final Dividend”	a final dividend of HK29.0 cents per Share for the year ended 31 March 2020 to be paid to the Shareholders whose names appear in the register of members of the Company as at the Record Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	27 August 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose registered address(es) appearing on the register of members of the Company on the Record Date is/are outside Hong Kong
“Record Date”	Tuesday, 25 August 2020
“Scrip Dividend Scheme”	the scheme proposed by the Directors on 30 June 2020 in relation to the Final Dividend and the Special Dividend pursuant to which the Eligible Shareholders may receive the Final Dividend and Special Dividend wholly or partly in Scrip Shares instead of in cash

DEFINITIONS

“Scrip Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid under the Scrip Dividend Scheme
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Special Dividend”	a special dividend of HK5.0 cents per Share for the year ended 31 March 2020 to be paid to the Shareholders whose names appear in the register of members of the Company as at the Record Date

PERFECT SHAPE MEDICAL LIMITED
必瘦站醫學美容有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1830)

Executive Directors:

Dr. Au-Yeung Kong (*Chairman*)

Ms. Au-Yeung Wai

Ms. Au-Yeung Hung

Registered Office:

Cricket Square, Hutchins Drive,

P.O. Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

Independent non-executive Directors:

Ms. Hsu Wai Man, Helen

Mr. Chi Chi Hung, Kenneth

Ms. Cho Yi Ping

Principal place of business in Hong Kong:

51st Floor,

Langham Place Office Tower,

8 Argyle Street, Mong Kok,

Kowloon, Hong Kong

1 September 2020

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION
TO THE FINAL DIVIDEND AND SPECIAL DIVIDEND
FOR THE YEAR ENDED 31 MARCH 2020**

1. INTRODUCTION

On 30 June 2020, the Board recommended the payment of a final dividend of HK29.0 cents per Share and a special dividend of HK5.0 cents per Share for the year ended 31 March 2020 payable in cash with an option to elect payment of the Final Dividend and Special Dividend wholly or partly by allotment of Scrip Shares credited as fully paid up, payable to the Shareholders whose names appear on the register of members of the Company on the Record Date. At the annual general meeting of the Company held on 7 August 2020, Shareholders approved the payment of the Final Dividend and the Special Dividend.

For the purpose of determining Shareholders' entitlement to the Final Dividend and the Special Dividend, the Company's register of members was closed from Friday, 21 August 2020 to Tuesday, 25 August 2020 (both dates inclusive). The latest time by which transfers were accepted for registration for entitlement to the Final Dividend and the Special Dividend was 4:30 p.m. on Thursday, 20 August 2020.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme.

LETTER FROM THE BOARD

2. DETAILS OF THE SCRIP DIVIDEND SCHEME

2.1 Election available to Eligible Shareholders

Under the Scrip Dividend Scheme, the Eligible Shareholders whose names appear on the register of members of the Company as at the Record Date have the following choices to receive the Final Dividend and the Special Dividend:

- (a) a cash dividend of HK34.0 cents (comprising the Final Dividend of HK29.0 cents and the Special Dividend of HK5.0 cents) for each Share held on the Record Date; or
- (b) by way of an allotment and issue of Scrip Shares (the number of which is determined as explained below) having an aggregate market value, save for adjustment for fractions, equal to the total amount of the Final Dividend and the Special Dividend which such Shareholder would otherwise be entitled to receive in cash; or
- (c) partly in cash and partly in Scrip Shares.

Final Dividend and Special Dividend in cash will be paid out in Hong Kong dollars regardless of the registered address of the Shareholders as at the Record Date.

2.2 Market value

For the purpose of calculating the number of Scrip Shares to be allotted under (b) and (c) above, the market value of the Scrip Shares will be calculated as an amount equal to the average closing price of the Shares on the Exchange for the five consecutive trading days from Wednesday, 19 August 2020 to Tuesday, 25 August 2020 (both dates inclusive) (the "Market Value"). As such, the issue price of each Scrip Share has been fixed at HK\$2.49.

LETTER FROM THE BOARD

2.3 Basis of allotment

The number of the Scrip Shares which the Eligible Shareholders will receive, in respect of the existing Shares registered in their names as at the Record Date (i.e. 25 August 2020) will be calculated as follows:

$$\begin{array}{rcl}
 \text{Number of Scrip Shares} & & \text{HK34.0 cents} \\
 \text{to be received} & & \text{(the aggregate Final Dividend and} \\
 \text{(rounded down to the} & = & \text{Special Dividend per Share)} \\
 \text{nearest whole number)} & & \text{HK\$2.49 (average closing price} \\
 & & \text{per Share for} \\
 & & \text{the five consecutive} \\
 & & \text{trading days commencing on} \\
 & & \text{19 August 2020)}
 \end{array}
 \times
 \frac{\text{Number of existing Shares held on the Record Date for which election for Scrip Shares is made}}{\text{Number of existing Shares held on the Record Date for which election for Scrip Shares is made}}$$

An announcement confirming the Market Value of the Scrip Shares has been published on the website of Exchange at www.hkexnews.hk and on the Company's website at www.psmmedical.com.hk after the close of business on Tuesday, 25 August 2020. The number of the Scrip Shares to be received will be rounded down to the nearest whole number of the Scrip Shares. Fractional entitlements to the Scrip Shares in respect of alternatives (b) and (c) above will be refunded in cash (rounded down to the nearest cent) to the relevant Shareholders. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Final Dividend and the Special Dividend. The Scrip Shares will be allotted by way of capitalization of the Company's reserves or profits.

Scrip Shares issued to the Eligible Shareholders pursuant to an election to receive some or all of their Final Dividend and the Special Dividend in Scrip Shares may be allotted in odd lots (of less than a board lot of 4,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of whole board lots.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Directors consider that the Scrip Dividend Scheme will enable the Eligible Shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs and the Company will benefit by retaining the cash for its operation.

LETTER FROM THE BOARD

4. CONDITIONS OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is subject to: (i) approval of the Final Dividend and the Special Dividend by the Shareholders at the annual general meeting of the Company held on 7 August 2020; and (ii) the Listing Committee of the Exchange granting listing of, and permission to deal in, the Scrip Shares to be issued in respect of the Final Dividend and the Special Dividend.

The Shareholders approved the Final Dividend and the Special Dividend at the annual general meeting of the Company held on 7 August 2020. If the condition (ii) set out above is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Form will be void. The Final Dividend and the Special Dividend will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Shareholders should note that any receipt of the Scrip Shares by them may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.

As at the Latest Practicable Date, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares, as the case may be.

6. ELECTION FORM

An Election Form is enclosed with this document for use by the Eligible Shareholders who wish to elect to receive the Final Dividend and the Special Dividend (taken together) wholly or partly by the allotment of Scrip Shares instead of in cash. If you wish to receive your Final Dividend and the Special Dividend (taken together) wholly or partly in the form of Scrip Shares instead of in cash, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Wednesday, 16 September 2020. No acknowledgement of receipt of the Election Form will be issued.

If any Eligible Shareholder does not complete and return the Election Form by 4:30 p.m. on Wednesday, 16 September 2020, the Eligible Shareholder will receive the Final Dividend and Special Dividend in the form of cash.

LETTER FROM THE BOARD

(a) To receive cash only

If you wish to receive the Final Dividend and the Special Dividend wholly in the form of cash, you do **NOT** need to take any action. Please **DO NOT** return the Election Form.

(b) To receive Scrip Shares only

If you wish to receive the Final Dividend and the Special Dividend wholly in the form of Scrip Shares, please just **SIGN, DATE** and **RETURN** the Election Form.

(c) To receive partly in cash and partly in Scrip Shares

If you wish to receive the Final Dividend and the Special Dividend partly in cash and partly in Scrip Shares, you should complete **Box C** of the Election Form and fill in the number of registered Shares which you held on the Record Date for which you wish the Final Dividend and the Special Dividend to be satisfied by Scrip Shares. Please **SIGN, DATE** and **RETURN** the Election Form.

If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Final Dividend and the Special Dividend in Scrip Shares, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive Scrip Shares only in respect of all the Shares of which you were then registered as the holder on the Record Date.

The latest time and date for return of the Election Form will be extended, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or "extreme conditions" caused by super typhoons or a "black" rainstorm warning:

- (a) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 16 September 2020. Instead, the deadline for the submission of Election Form will be 5:00 p.m. on the same business day, i.e. Wednesday, 16 September 2020; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Wednesday, 16 September 2020. Instead, the deadline for the submission of Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m. (i.e. Thursday, 17 September 2020 assuming the aforesaid warnings are not in force).

For Shareholders residing outside Hong Kong, please refer to the paragraph headed "Shareholders with Registered Addresses Outside Hong Kong" below.

LETTER FROM THE BOARD

7. SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE HONG KONG

Based on the register of members of the Company as at the close of business on the Record Date, all Shareholders have registered addresses in Hong Kong save that there was a Shareholder with registered address in the British Virgin Islands who together held an aggregate of 180,000,000 Shares. The aggregate amount of the Final Dividend and Special Dividend which this Overseas Shareholder is entitled to is HK\$61,200,000. Assuming that this Overseas Shareholder elected to receive the Final Dividend and Special Dividend wholly in Scrip Shares, this Overseas Shareholder will be issued with no more than 24,578,313 Scrip Shares in total.

In compliance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries with its legal advisers on the laws of the British Virgin Islands in relation to the issue of Scrip Shares to the Overseas Shareholder. The Directors were advised that no local regulatory compliance would be required to be made in the British Virgin Islands by the Company to issue the Scrip Shares to the Overseas Shareholder. Accordingly, the Overseas Shareholder will not be excluded from the Scrip Dividend Scheme and the Election Form will be sent to the Overseas Shareholder together with this circular.

None of this circular, the Election Form and the Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. The participation in the Scrip Dividend Scheme by the Overseas Shareholder may be restricted by the laws of their relevant jurisdictions. No Shareholder receiving a copy of this circular and/or the Election Form in any territory outside Hong Kong may treat the same as an offer of Scrip Shares or an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without having to obtain any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdiction including obtaining any registration or approval or consent or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive Scrip Shares in lieu of cash dividend must also comply with any restrictions on the sale of the Scrip Shares which may apply outside Hong Kong. Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether they are permitted to receive the Final Dividend and Special Dividend in the form of an issue of Scrip Shares or if any governmental approval or other consent is required or other formalities are needed to be observed and whether there are any other restrictions in relation to the future sale of any Scrip Shares so acquired. The Overseas Shareholder residing in jurisdictions where it would be illegal for them to participate in the Final Scheme will be deemed to have received this circular and/or the Election Form for information only.

LETTER FROM THE BOARD

8. LISTING AND DEALINGS

Application will be made to the Listing Committee of the Exchange for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said permission being granted by the Exchange, it is expected that share certificates for the Scrip Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled thereto at their own risk on Tuesday, 6 October 2020. Dealings of the Scrip Shares on the Exchange are expected to commence on Wednesday, 7 October 2020 after despatch to the Eligible Shareholders of the certificates for the Scrip Shares. All share certificates for the Scrip Shares are non-renounceable.

The Shares are listed, and dealt in, on the Exchange. There is no other stock exchange on which the Shares are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme on the Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

9. RECOMMENDATION AND ADVICE

Whether or not it is to the Eligible Shareholders' advantages to receive Scrip Shares or cash, in whole or in part, it will depend upon their own individual circumstances. The effect on the tax position of any Eligible Shareholder will depend on that Eligible Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Eligible Shareholders, who are trustees, are recommended to take professional advice as to whether the choice to receive cash or Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

LETTER FROM THE BOARD

10. EXPECTED TIMETABLE

Latest time and date for return of the

Election Form 4:30 p.m. on Wednesday,
16 September 2020

Despatch of share certificates for the

Scrip Shares and/or dividend warrants Tuesday, 6 October 2020

Commencement of dealings in the Scrip Shares

9:00 a.m. on Wednesday,
7 October 2020

By Order of the Board
Perfect Shape Medical Limited
Dr. Au-Yeung Kong
Chairman