The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to China Everbright Capital Limited pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

31 January 2012

The Directors
Perfect Shape (PRC) Holdings Limited

China Everbright Capital Limited

Dear Sirs

We report on the financial information of Perfect Shape (PRC) Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined balance sheets as at 31 March 2009, 2010 and 2011 and 31 July 2011 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2009, 2010 and 2011 and the four months ended 31 July 2011 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to V below for inclusion in Appendix I to the prospectus of the Company dated 31 January 2012 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 11 March 2011 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 2 of Section II headed "Reorganisation" below, which was completed on 1 December 2011, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

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The subsidiaries incorporated in the People's Republic of China and Macau have adopted 31 December as their financial year end date. All other companies now comprising the Group have adopted 31 March as their financial year end date.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not been involved in any significant business transactions since its date of incorporation other than the Reorganisation. The audited financial statements of other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation or establishment. The details of the statutory auditors of the subsidiaries now comprising the Group are set out in Note 2 of Section II below.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSA") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and presented on the basis set out in Note 3 of Section II below.

Directors' responsibility for the financial information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 3 of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 March 2009, 2010 and 2011 and 31 July 2011 and of the Group's combined results and cash flows for each of the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 31 July 2010 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 3 of Section II below and the accounting policies set out in Note 4 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 3 of Section II below, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 4 of Section II below.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2009, 2010 and 2011 and 31 July 2011 and for each of the years ended 31 March 2009, 2010 and 2011 and the four months ended 31 July 2010 and 2011 (the "Financial Information"), presented on the basis set out in Note 3 of Section II below:

(A) COMBINED BALANCE SHEETS

		As at 31 March			As at 31 July
	Section II	2009	2010	2011	2011
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	8	20,109	26,493	32,403	34,298
Available-for-sale financial assets	9	—	—	9,943	4,864
Deposits and prepayments	14	7,714	6,071	15,109	17,912
Deferred income tax assets	21	3,451	4,214	12,897	15,632
		31,274	36,778	70,352	72,706
Current assets					
Inventories	12	511	1,018	1,068	668
Trade receivables	13	17,412	11,810	8,103	8,980
Other receivables, deposits and prepayments	14	5,620	9,740	20,825	22,135
Amounts due from related companies	15	33	82	290	328
Amounts due from directors	16	68,338	38,359	37,268	36,678
Amount due from a shareholder	17	—	29,106	—	—
Financial assets at fair value through profit or loss	10	—	10,093	46,760	6,055
Cash and cash equivalents	18	26,280	48,183	74,206	139,849
		118,194	148,391	188,520	214,693
Total assets		149,468	185,169	258,872	287,399

	Section II	As at 31 March			As at 31 July
		2009	2010	2011	2011
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Combined share capital	19	457	457	457	457
Other reserves	20	—	49	1,664	3,548
Retained earnings		12,529	36,999	46,725	74,400
Total equity		12,986	37,505	48,846	78,405
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	21	275	599	2,622	4,224
Provision for reinstatement costs	22	1,648	1,413	1,292	1,392
		1,923	2,012	3,914	5,616
Current liabilities					
Provision for reinstatement costs	22	403	713	424	599
Trade payables	23	454	615	1,503	1,142
Accruals and other payables	24	11,983	16,934	22,264	16,822
Deferred revenue	25	118,323	122,433	148,672	146,970
Tax payable		3,313	4,957	14,781	18,790
Amount due to a related company	15	83	—	—	—
Amount due to a director	16	—	—	15,791	16,378
Amount due to a shareholder	17	—	—	2,677	2,677
		134,559	145,652	206,112	203,378
Total liabilities		136,482	147,664	210,026	208,994
Total equity and liabilities		149,468	185,169	258,872	287,399
Net current (liabilities)/ assets		(16,365)	2,739	(17,592)	11,315
Total assets less current liabilities		14,909	39,517	52,760	84,021

(B) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Section II Note	Year ended 31 March 2009 HK$'000	2010 HK$'000	2011 HK$'000	Four months ended 31 July 2010 HK$'000 (unaudited)	2011 HK$'000
Revenue	7, 26	236,273	234,857	308,976	100,875	134,499
Other income	27	212	130	384	71	54
Other (losses)/gains — net	28	(1,024)	21	1,580	68	660
Cost of inventories and consumables		(1,925)	(4,928)	(7,450)	(2,478)	(2,240)
Employee benefit expenses	30	(86,631)	(78,665)	(85,648)	(28,878)	(31,318)
Marketing expenses		(46,899)	(47,315)	(56,420)	(24,286)	(23,091)
Depreciation		(16,516)	(15,143)	(16,494)	(5,515)	(5,658)
Operating lease rentals		(20,055)	(20,389)	(29,875)	(8,138)	(12,106)
Other operating expenses	29	(28,764)	(32,858)	(49,590)	(13,855)	(21,767)
Operating profit		34,671	35,710	65,463	17,864	39,033
Interest income		4	25	238	19	596
Profit before income tax		34,675	35,735	65,701	17,883	39,629
Income tax expense	32	(6,092)	(6,216)	(15,441)	(3,581)	(10,743)
Profit for the year/period attributable to equity holders of the Company		28,583	29,519	50,260	14,302	28,886
Other comprehensive (loss)/ income:						
Net fair value (losses)/ gains on available-for-sale financial assets		—	—	(15)	—	74
Disposal of available-for-sale financial assets		—	—	—	—	(197)
Currency translation differences		—	—	465	(146)	796
Total other comprehensive income/(loss) for the year/period		—	—	450	(146)	673
Total comprehensive income for the year/period attributable to equity holders of the Company		28,583	29,519	50,710	14,156	29,559
Dividends	33	—	5,000	39,369	—	—
Earnings per share	34	N/A	N/A	N/A	N/A	N/A

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company			
	Combined share capital *HK$'000*	Other reserves *(Note 20)* *HK$'000*	(Accumulated losses)/ retained earnings *HK$'000*	Total *HK$'000*
At 1 April 2008	360	—	(16,054)	(15,694)
Total comprehensive income				
Profit for the year	—	—	28,583	28,583
Transactions with owners				
Issue of ordinary shares	97	—	—	97
At 31 March 2009	457	—	12,529	12,986
At 1 April 2009	457	—	12,529	12,986
Total comprehensive income				
Profit for the year	—	—	29,519	29,519
Transactions with owners				
Dividends *(Note 33)*	—	—	(5,000)	(5,000)
Appropriation *(Note 20(a))*	—	49	(49)	—
	—	49	(5,049)	(5,000)
At 31 March 2010	457	49	36,999	37,505
At 1 April 2010	457	49	36,999	37,505
Comprehensive income				
Profit for the year	—	—	50,260	50,260
Other comprehensive income				
Net fair value losses on available-for-sale financial assets	—	(15)	—	(15)
Currency translation differences	—	465	—	465
Total other comprehensive income	—	450	—	450
Total comprehensive income	—	450	50,260	50,710
Transactions with owners				
Dividends *(Note 33)*	—	—	(39,369)	(39,369)
Appropriation *(Note 20(b))*	—	1,165	(1,165)	—
	—	1,165	(40,534)	(39,369)
At 31 March 2011	457	1,664	46,725	48,846

	Attributable to the equity holders of the Company			
	Combined share capital	**Other reserves** *(Note 20)*	**(Accumulated losses)/ retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2011	457	1,664	46,725	48,846
Comprehensive income				
Profit for the period	—	—	28,886	28,886
Other comprehensive income				
Net fair value gains on available-for-sale financial assets	—	74	—	74
Disposal of available-for-sale financial assets	—	(197)	—	(197)
Currency translation differences	—	796	—	796
Total other comprehensive income	—	673	—	673
Total comprehensive income	—	673	28,886	29,559
Transactions with owners				
Appropriations *(Note 20(b))*	—	1,211	(1,211)	—
At 31 July 2011	457	3,548	74,400	78,405
Unaudited:				
At 1 April 2010	457	49	36,999	37,505
Comprehensive income				
Profit for the period	—	—	14,302	14,302
Other comprehensive income				
Currency translation differences	—	(146)	—	(146)
Total comprehensive income	—	(146)	14,302	14,156
At 31 July 2010	457	(97)	51,301	51,661

(D) COMBINED STATEMENTS OF CASH FLOWS

	Section II Note	Year ended 31 March 2009 HK$'000	2010 HK$'000	2011 HK$'000	Four months ended 31 July 2010 HK$'000 (unaudited)	2011 HK$'000
Cash flows from operating activities						
Cash generated from operations	37	21,393	57,934	105,650	46,619	32,039
Interest received		4	25	238	19	596
Income tax paid		(2,135)	(5,011)	(12,341)	(698)	(7,940)
Net cash generated from operating activities		19,262	52,948	93,547	45,940	24,695
Cash flows from investing activities						
Purchase of property, plant and equipment		(10,872)	(20,564)	(24,390)	(6,006)	(7,567)
Sales proceeds from disposal of property, plant and equipment		808	—	38	—	1
Reinstatement costs paid for shop and office premises		(37)	(481)	(528)	(97)	—
Purchase of available-for-sale financial assets		—	—	(14,912)	—	—
Purchase of financial assets at fair value through profit or loss		—	(10,000)	(172,976)	—	(72,159)
Sales proceeds from disposal of available-for-sale financial assets		—	—	5,093	—	5,191
Sales proceeds from disposal of financial assets at fair value through profit or loss		—	—	138,412	—	113,819
Dividend income received from available-for-sale financial assets		—	—	203	70	43
Net cash (used in)/generated from investing activities		(10,101)	(31,045)	(69,060)	(6,033)	39,328
Cash flows from financing activities						
Issue of ordinary shares		97	—	—	—	—
Net cash generated from financing activities		97	—	—	—	—
Net increase in cash and cash equivalents		9,258	21,903	24,487	39,907	64,023
Cash and cash equivalents at 1 April		17,022	26,280	48,183	48,183	74,206
Effect of foreign exchange rate changes		—	—	1,536	270	1,620
Cash and cash equivalents at 31 March/31 July	18	26,280	48,183	74,206	88,360	139,849

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

Perfect Shape (PRC) Holdings Limited (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 is an investment holding company and together with its subsidiaries (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 companies now comprising the Group are jointly owned by Dr. Au-Yeung, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung, who are siblings, and their mother Ms. Li Yi Fan (together, the "Au-Yeung Family").

2 REORGANISATION

Pursuant to the reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Company acquired all the companies now comprising the Group from the Au-Yeung Family. The Reorganisation principally involved:

- On 11 March 2011, the Company was incorporated with an authorised share capital of HK$1,000,000,000 divided into 10,000,000,000 shares of par value of HK$0.10 each (the "Share"). On the same day, 1 Share was issued to the Company's initial subscriber. The subscriber share was subsequently transferred to Dr. Au-Yeung and on the same day, the Company allotted and issued 50 Shares to Dr. Au-Yeung, 25 Shares to Ms. Au-Yeung Hung and 24 Shares to Ms. Au-Yeung Wai at par value.

- On 25 March 2011, Perfect Shape Holdings (HK) Limited and Perfect Shape Holdings (China) Limited were incorporated with limited liability in the British Virgin Islands ("BVI"). 51, 25 and 24 shares of these companies representing 51%, 25% and 24% of their respective total issued share capital were issued and allotted at par to Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.

- During the period from November to December 2011, the members of the Au-Yeung Family transferred to Perfect Shape Holdings (HK) Limited their entire equity interests in all subsidiaries now comprising the Group incorporated in Hong Kong and Macau except Perfect Shape Investment (Shanghai) Limited, Perfect Shape & Skin Management Co., Ltd. and Perfect Shape Advertising Company Limited. Upon completion of these transfers, all these companies became wholly-owned subsidiaries of Perfect Shape Holdings (HK) Limited.

- On 15 November 2011, the members of the Au-Yeung Family transferred to Perfect Shape Holdings (China) Limited their entire equity interests in Perfect Shape Investment (Shanghai) Limited. Upon completion of these transfers, Perfect Shape Investment (Shanghai) Limited became a wholly-owned subsidiary of Perfect Shape Holdings (China) Limited.

- On 15 November 2011, the members of the Au-Yeung Family transferred to the Company their entire equity interests in Perfect Shape & Skin Management Co., Ltd. and Perfect Shape Advertising Company Limited. Upon completion of these transfers, Perfect Shape & Skin Management Co., Ltd. and Perfect Shape Advertising Company Limited became wholly-owned subsidiaries of the Company.

- On 30 November 2011, the Company, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Perfect Shape Holdings (HK) Limited entered into a share swap agreement (the "First Share Swap Agreement") pursuant to which Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai transferred their entire equity interests in Perfect Shape Holdings (HK) Limited to the Company, and the considerations are satisfied by the Company issuing and allotting 51, 25 and 24 Shares, all credited as fully paid, to Sure Sino Investments Limited, Market Event Holdings Limited and Earlson Holdings Limited, companies owned and controlled by Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively. Upon completion of the share swap, Perfect Shape Holdings (HK) Limited became a wholly-owned subsidiary of the Company.

- On 30 November 2011, the Company, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Perfect Shape Holdings (China) Limited entered into a share swap agreement (the "Second Share Swap Agreement") pursuant to which Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai transferred their entire equity interests in Perfect Shape Holdings (China) Limited to the Company, and the considerations are satisfied by the Company issuing and allotting 51, 25 and 24 Shares, all credited as fully paid, to Sure Sino Investments Limited, Market Event Holdings Limited and Earlson Holdings Limited. Upon completion of the share swap, Perfect Shape Holdings (China) Limited became a wholly-owned subsidiary of the Company.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation /establishment	Principal activities	Registered/issued and fully paid up share capital	Effective interest held by the Group *(Note 1)*	Name of statutory auditors 2009	2010	2011
Direct Interests:							
Perfect Shape Advertising Company Limited	HK; 29 June 2007	Provision of advertising services to the Group	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape Holdings (China) Limited	The British Virgin Islands; 25 March 2011	Investment holding	100 shares of US$1 each	100%	N/A	N/A	N/A
Perfect Shape Holdings (HK) Limited	The British Virgin Islands; 25 March 2011	Investment holding	100 shares of US$1 each	100%	N/A	N/A	N/A
Perfect Shape & Skin Management Co. Limited	HK; 19 September 2006	Holding of trademarks	10,000 shares of the HK$1 each	100%	(a)	(a)	(c)
Indirect Interests:							
Dr. Face Limited (formerly known as "Perfect Shape & Spa (Hunghom) Limited")	HK; 8 November 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Skin Limited	HK; 3 December 2003	Rental of equipment	20,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape & Skin (CNT) Limited	HK; 5 December 2006	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)

Name of subsidiary	Place and date of incorporation /establishment	Principal activities	Registered/issued and fully paid up share capital	Effective interest held by the Group *(Note 1)*	Name of statutory auditors 2009	2010	2011
Perfect Shape & Skin (SS) Limited	HK; 6 December 2006	Inactive	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Skin (TKO) Limited	HK; 2 August 2006	Inactive	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape & Skin (TM) Limited	HK; 6 December 2006	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape & Skin (TW) Limited	HK; 24 November 2005	Inactive	20,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Skin (YL) Limited	HK; 5 July 2006	Provision of slimming and beauty service and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape & Spa Limited	HK; 23 March 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape & Spa (CWB) Limited	HK; 30 March 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Spa (KT) Limited	HK; 8 November 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Skin (Macau) Limited	Macau; 30 November 2007	Provision of slimming and beauty services and sales of slimming and beauty products	MOP100,000	100%	(a)	(b)	(c)
Perfect Shape & Spa (MK) Limited	HK; 30 March 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Paris Medical Beauty Limited (formerly known as "Perfect Shape & Spa (MOS) Limited")	HK; 8 November 2007	Inactive	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Spa (NP) Limited	HK; 11 September 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Spa (TP) Limited	HK; 4 December 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)

Name of subsidiary	Place and date of incorporation /establishment	Principal activities	Registered/issued and fully paid up share capital	Effective interest held by the Group *(Note 1)*	Name of statutory auditors 2009	2010	2011
Perfect Shape & Spa (TST) Limited	HK; 10 August 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape (Holdings) Limited	HK; 10 October 2007	Provision of management service	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Slim Model Beauty Limited (formerly known as "Perfect Shape & Spa (Wan Chai) Limited")	HK; 10 August 2007	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Slimming Medical Beauty Centre Limited (formerly known as "Perfect Shape & Spa (Mongkok) Limited")	HK; 21 September 2007	Inactive	10,000 shares of HK$1 each	100%	(a)	(b)	(c)
Perfect Shape & Spa (TW) Limited (formerly known as "Perfect Hair & Skin Limited")	HK; 5 July 2006	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Shape Investment (Shanghai) Limited	HK; 30 November 2007	Investment holding	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
Perfect Skin Medical Limited	HK; 31 August 2006	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%	(a)	(a)	(c)
廣州必瘦站纖體美容有限公司 (Guangzhou Perfect Shape Limited)	PRC; 14 July 2009	Provision of beauty services and sales of cosmetic products	RMB1,000,000	100%	N/A	(d)	(d)
必瘦站企業管理諮詢(深圳)有限公司 (前稱：必瘦站美容(深圳)有限公司) (Perfect Shape Consultancy Shenzhen Limited)	PRC; 15 January 2009	Investment holding	RMB1,000,000	100%	N/A	(e)	(g)
廣州瘦必站纖體美容有限公司 (Guangzhou Shape Perfect Limited)	PRC; 26 November 2009	Provision of slimming and beauty services and sales of cosmetic products	RMB1,000,000	100%	N/A	(d)	(d)
北京雪肌美容美體有限公司 (Beijing Snow Skin Limited)	PRC; 12 February 2010	Provision of slimming and beauty services and sales of cosmetic products	RMB1,000,000	100%	N/A	N/A	N/A
深圳瘦必站美容纖體有限公司 (Shenzhen Shape Perfect Limited)	PRC; 8 September 2009	Provision of beauty services and sales of cosmetic products	RMB1,000,000	100%	N/A	(e)	(g)
上海慕詩企業管理諮詢有限公司 (Shanghai Mushi Consultancy Limited)	PRC; 1 December 2010	Provision of corporate management services, slimming services, and wholesale of cosmetic products	RMB1,000,000	100%	N/A	N/A	N/A

Name of subsidiary	Place and date of incorporation /establishment	Principal activities	Registered/issued and fully paid up share capital	Effective interest held by the Group (Note 1)	Name of statutory auditors 2009	2010	2011
廣州愛瑪企業管理諮詢有限公司 (Guangzhou Emma Consultancy Limited))	PRC; 15 October 2010	Provision of corporate management services, beauty and slimming services, and wholesale of cosmetic products	RMB500,000	100%	N/A	N/A	N/A
上海必瘦站企業管理諮詢有限公司 (Shanghai Perfect Shape Consultancy Limited)	PRC; 1 December 2010	Provision of beauty services and sales of beauty products	RMB1,000,000	100%	N/A	N/A	N/A
上海愛瑪企業管理諮詢有限公司 (Shanghai Emma Consultancy Limited)	PRC; 1 December 2010	Provision of corporate management services, beauty and slimming services, and wholesale of cosmetic products	RMB1,000,000	100%	N/A	N/A	N/A

(a) Elsie Wong & Co., Certified Public Accountants, Hong Kong.

(b) S.S. Lau & Co., Certified Public Accountants, Hong Kong.

(c) PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

(d) 廣州安立信會計師事務所 (Guangzhou Anlixin Certified Public Accountants Co.,Ltd.).

(e) 深圳皇嘉會計師事務所 (Wongga Partners Certified Public Accountants (SZ)).

(f) 廣東誠豐信會計師事務所有限公司 (Guangdong Cheng Feng Xin Certified Public Accountants Co.,Ltd.).

(g) 深圳天悦華元會計師事務所 Shenzhen (Toyowa Partners Certified Public Accountants Co.,Ltd.).

(h) HMV & Associates.

Note 1: During the Relevant Periods, the Group held 100% indirect or direct interests of these subsidiaries.

Note 2: The English names of the group companies incorporated in the PRC represent the best effort by the management of the Group in translating its Chinese name as they do not have official English names.

3 BASIS OF PRESENTATION

The companies now comprising the Group are under common control of the Au-Yeung Family throughout the Relevant Periods. For the purpose of this report, the financial information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. The combined balance sheets of the Group as at 31 March 2009, 2010 and 2011 and 31 July 2011 and the combined statements of comprehensive income, combined statements of cash flows and combined statements of changes in equity of the Group for the Relevant Periods have been prepared using the financial information of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods, except that the financial information of those companies newly set up by the Group during the Relevant Periods is included in the financial information from their respective dates of incorporation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets which are carried at fair value.

The preparation of the Financial Information in conformity with HKFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 6 of Section II below.

As at the date of this report, the following standards, amendments and interpretations to existing standards have been published by the HKICPA but are not yet effective during the Relevant Periods and have not been early adopted by the Group.

— HKAS 1 (Amendment), "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012). The amendment changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However HKAS 1 still permits entities to use other titles.

  The amendment is not expected to have a significant impact to the Group.

— HKAS 12 (Amendment), "Deferred Tax: Recovery of Underlying Assets" (effective for annual periods beginning on or after 1 January 2012). The amendment introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. This amendment is not expected to have any significant impact to the Group as it does not have investment property.

— HKAS 19 (Amendment), "Employee Benefits" (effective for annual period beginning on or after 1 January 2013). The issuance of the standard completes improvements to the accounting requirements for pensions and other post-employment benefits and the following important improvements have been made:

- Eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.

- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.

- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The new standard is not expected to have a significant impact to the Group.

— HKFRS 7 (Amendment), "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011). The amendment introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remained on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending).

This amendment is not expected to have significant impact to the Group.

— HKFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instrument. An instrument is subsequently measured at amortised cost only if it is a debt instrument and the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

Classification and measurement requirements for financial liabilities and the derecognition requirements for financial instruments has been relocated from HKAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss and the cost exemption is removed for derivative liabilities linked to unquoted equity instruments.

For financial liabilities designated at fair value through profit or loss, changes in the fair value due to changes in own credit risk are recognised directly in other comprehensive income. All other changes in fair value are recognised in profit or loss. Amounts presented in other comprehensive income are not subsequently reclassified to profit or loss but may be transferred within equity.

The new standard is not expected to have significant impact to the Group.

— HKFRS 10, "Consolidated Financial Statements" and the consequential amendments to HKAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013). HKFRS 10 replaces all of the guidance on control and consolidation in HKAS 27, 'Consolidated and Separate Financial Statements', and HK(SIC) — Int 12, 'Consolidation — Special Purpose Entities'. HKAS 27 is renamed 'Separate Financial Statements'; it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

HKFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances.

The new standard is not expected to have significant impact to the Group.

— HKFRS 11, "Joint Arrangements" and the consequential amendment to HKAS 28, "Investments in Associates" (effective for annual periods beginning on or after 1 January 2013). HKFRS 11 refines that joint arrangements are limited to joint operations and joint ventures only. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today.

The existing HKAS 28 was extended as "Investments in Associates and Joint Ventures" as a result of the compulsory requirement for equity accounting for all investments in joint ventures under HKFRS 11.

The new standard is not expected to have a significant impact to the Group.

— HKFRS 12, "Disclosure of interests in other entities" (effective for annual periods beginning on or after 1 January 2013). HKFRS 12 sets out the required disclosures for entities reporting under the two new standards, HKFRS 10, 'Consolidated Financial Statements', and HKFRS 11, 'Joint Arrangements'; it replaces the disclosure requirements currently found in HKAS 28, 'Investments in Associates'. HKAS 27 is renamed 'Separate Financial Statements' and is now a standard dealing solely with separate financial statements. The existing guidance and disclosure requirements for separate financial statements are unchanged.

This new standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

The new standard is not expected to have a significant impact to the Group.

— HKFRS 13, "Fair Value Measurement". The new standard improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The new standard is not expected to have a significant impact to the Group.

4.2 Consolidation

Subsidiaries

Subsidiaries are all entities, including special purpose entities, over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

During the Relevant Periods, the Group did not have any non-controlling interest.

Investments in subsidiaries are accounted for at cost less impairment, if any. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

4.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Company who make strategic decisions.

4.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Information is presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation/combination, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit and loss as part of the gain or loss on sale.

Any goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values over their estimated useful lives, as follows:

Machinery and equipment	30%
Leasehold improvements	Over the unexpired period of lease
Furniture and fixtures	20% to 30%
Motor vehicles	20%
Office equipment	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

4.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

4.7 Financial Assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss and loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled with 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprises trade and other receivables, deposits, amounts due from directors, a shareholder and related companies, and cash and cash equivalents.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised on trade-date, that is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/ gains — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sales are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payments is established.

4.8 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivable category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the combined statement of comprehensive income. Impairment losses recognised in the combined statement of comprehensive income on equity instruments are not reversed through the combined statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the combined statement of comprehensive income.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.10 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.12 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including trade and other payables) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

4.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting for taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.14 Employee benefits

(i) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(ii) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

4.15 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.16 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, service refunds, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Sales of services

Revenue from the provision of slimming and beauty services are recognised when the services has been rendered to clients. Receipts in respect of treatment packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the balance sheet. The Group implements a contractual one-year service expiry policy under which any unutilised treatments at the end of the service period are fully recognised in profit or loss.

The Group allows its clients to upgrade their existing slimming and beauty packages to new premium slimming and beauty packages before the expiry of the existing packages. Clients are required to pay the difference between the new premium package and the unutilised existing package value. The existing package contract is terminated and a new contract with a validity period of one year is signed for the new premium package. The deferred revenue of the unutilised existing package together with the receipt is recognised as deferred revenue, and is recognized as revenue when the services has been rendered to clients. Any unutilised treatments at the end of the service period of the new premium package are fully recognised in profit or loss.

During the year ended 31 March 2010, the Group launched a specific refundable slimming programme under which customers entered into slimming treatments for prescribed periods with a designated weight reduction target as contractually laid down in the respective sales contracts prior to the commencement of slimming treatments. Customers who had fulfilled their reduction target at the end of treatment periods were eligible for a 12-month refund period during which they were required to maintain and update their weight records at any of the Group's shop outlets on a monthly basis. A refund equivalent to the original gross sales contract amount divided by the number of months of refund period would be made if the designated weight reduction was maintained in each month during the refund period. Any particular unsuccessful records during the refund period would not preclude the rights of refund in subsequent months.

Revenue under this programme was recognised at the time when the Group's refund obligation no longer exist, the timing of which was dependent on whether the customers could fulfil their weight reduction target at the end of the treatment period as follows:

- If the weight reduction target was not achieved, the customers were not eligible to a 12-month refund period. Revenue was recognised at the time when all treatment services had been rendered.

- If the weight reduction target was achieved, revenue was recognised over the entire refund period depending on whether the customers could maintain their weight records in each month during the 12-month refund period.

In additions, the Group maintains a standardised refundable programme during the Relevant Periods. If the designated weight reduction target could not be achieved over a fixed period of two weeks, refunds are made at the original contracted amount proportional to the unit of unsuccessful weight reduction against the original target, after the relevant handling charges. Revenue under this programme is recognised at the time when the refund obligation is discharged.

(b) Sales of products

Revenue from the sales of slimming and beauty products is recognised on the transfer of risks and rewards of the related products, which generally coincides with the time when the products are delivered to clients.

(c) Interest income

Interest income is recognised using the effective interest method.

4.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

4.18 Dividend distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders and when the interim dividends are approved by the Company's directors.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group operates in Hong Kong, Macau and the PRC with most of the transactions denominated and settled in Hong Kong dollars, Macao Patacas ("MOP") and Chinese Renminbi ("RMB") respectively, management are of the opinion that the Group's exposures to changes in exchange rates of foreign currencies is insignificant.

The Company does not use any derivative financial instruments to hedge its exposure to foreign exchange risk.

(b) Price risk

The Group is exposed to securities price risk as investments held by the Group are classified as financial assets at fair value through profit or loss and available-for-sale financial assets in the balance sheets. The Group is not exposed to commodity price risk.

As at 31 March 2010 and 2011 and 31 July 2011, if the quoted price of the financial assets at fair value through profit or loss had appreciated/depreciated by 10% with all other variables held constant, the Group's post-tax profit would have been approximately HK$843,000 and HK$3,602,000 and HK$454,000 higher/lower respectively as a result of gains/losses on change in value of these financial assets.

As at 31 March 2011 and 31 July 2011, if the quoted price of the available-for-sale financial assets had appreciated/depreciated by 10% with all other variables held constant, the Group's other comprehensive income would have been approximately HK$830,000 and HK$406,000 higher/lower respectively as a result of gains/losses on change in value of these financial assets.

(c) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash at banks, financial assets at fair value through profit or loss, available-for-sale financial assets, trade receivables, deposits and other receivables and amounts due from related companies, a shareholder and directors included in the balance sheets represent the Group's maximum exposure to credit risk in relation to its financial assets.

The majority of the Group's cash at banks are deposited in major financial institutions located in Hong Kong, Macau and the PRC, which are of high credit rating. Management does not expect any losses arising from non-performance by these counterparties.

The table below shows the details of bank deposits balance maintained at different banks at the respective balance sheet dates:

		As at 31 March			As at 31 July
	Ratings	**2009**	**2010**	**2011**	**2011**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Ratings provided by Standard and Poor's *(Note i)*					
Bank of China	A-2	3,799	7,435	5,055	5,927
Bank of East Asia	A-2	2,011	4,907	2,466	4,002
Citibank	A-1	—	2,963	873	1,285
Construction Bank of China	A-2	3	241	253	708
HSBC	A-1+	17,077	11,648	4,511	6,987
Industrial and Commercial Bank of China	A-1	—	5,848	24,480	19,457
Standard Chartered Bank	A-1	—	10,001	1	—
China Merchants' Bank	A-2	—	218	2,417	2,272
		22,890	43,261	40,056	40,638
Ratings provided by Moody's *(Note ii)*					
Wing Hang Bank	A2	638	1,305	1,230	2,388
Ratings provided by Dagong Global Credit Ratings *(Note iii)*					
Industrial Bank, Company Limited	AAA	2,412	2,777	22,221	55,328
China Minsheng Banking Corporation Limited	AAA	—	—	9,661	40,311
		2,412	2,777	31,882	95,639
Others		257	612	796	940
Total cash at banks		26,197	47,955	73,964	139,605

Note i: The rating represents short-term credit rating provided by Standard and Poor's, an internationally recognised credit rating agency. A rating within the "A" category is related to banks with strong capacity to meet financial commitments but somewhat susceptible to adverse economic conditions and changes in circumstances as defined under the rating regime of Standard and Poor's.

Note ii: The rating is provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is related to banks which are upper-medium graded and subject to low credit risk under the rating regime of Moody's.

Note iii: The rating is provided by Dagong Global Credit Ratings, a major credit rating agency in the PRC. A rating within the "AA" category denote expectations of very low default risk.

As at 31 March 2009, 2010 and 2011 and 31 July 2011, trade receivables of the Group represent amounts due from various financial institutions as a result of credit cards and instalment payment arrangement. The economic downturn during the years ended 31 March 2009 and 2010 led to a lengthening of the settlement period from these counterparties. Taking into account the high credit rating of these counterparties, who also has no recent history of default and that the Group is not contractually exposed to the risk of default by the ultimate clients arising from these payment arrangements, management consider that no provision on these receivable balances is required.

As at 31 March 2010 and 2011 and 31 July 2011, the financial assets at fair value through profit or loss and available-for-sale financial assets are placed in financial institutions which are independently rated at high credit ratings. Management does not expect any losses from non-performance by these financial institutions.

The table below shows the details of financial assets through profit or loss and available-for-sale financial assets maintained at banks at the respective balance sheet dates:

		As at 31 March		As at 31 July
	Ratings	**2010**	**2011**	**2011**
		HK$'000	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss				
Rating provided by Standard & Poor's *(Note i)*				
Bank of East Asia	A-2	10,093	11,134	—
Rating provided by Dagong Global Credit Ratings *(Note ii)*				
China Minsheng Banking Corporation Limited	AAA	—	11,875	—
Industrial Bank Company Limited	AAA	—	23,751	6,055
		—	35,626	6,055
		10,093	46,760	6,055
Available-for-sale financial assets				
Rating provided by Standard & Poor's *(Note i)*				
HSBC	A-1+	—	9,943	4,864

Note i: The rating represents short-term credit rating provided by Standard and Poor's, an internationally recognised credit rating agency. A rating within the "A" category is related to banks with strong capacity to meet financial commitments but somewhat susceptible to adverse economic conditions and changes in circumstances as defined under the rating regime of Standard and Poor's.

Note ii: The rating is provided by Dagong Global Credit Ratings, a major credit rating agency in the PRC. A rating within the "AA" category denote expectations of very low default risk.

The amounts due from the Company's directors have been fully settled in November 2011.

(d) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been the payment for operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

As a result of the economic downturns during the years ended 31 March 2009 and 2010, settlement period of both instalment and credit card sales arrangement with certain local financial institutions have been significantly lengthened, up to 180 days from the days of sales. In order to secure a more favourable credit term, the Group pledged its available-for-sale financial assets with a carrying amount of approximately HK$9,943,000 to a major local financial institution as at 31 March 2011. Personal guarantee and charges over private real estate properties from directors of the Company have also been provided to the financial institution, details of which are set out in Note 36(a) of Section II below. These have significantly shortened the credit term with the financial institution to 3 days from the time when the credit card or instalment sales were made.

As at 31 July 2011, the Group's available-for-sales financial assets are no longer pledged to the banking facilities but the personal guarantee and charges over private real estate properties from directors as set out in Note 36(a) of Section II are still required thereto.

During the year ended 31 March 2011 and the four months ended 31 July 2011, the credit terms with various financial institutions on instalment and credit sales arrangement generally ranged from 3 days to 90 days.

As at 31 March 2009, 2010 and 2011 and 31 July 2011, the contractual undiscounted cash flows of the Group's current financial liabilities approximate their respective carrying amounts due to their short maturities.

(e) Cash-flow and fair value interest-rate risk

The Group does not have any significant interest bearing financial assets or liabilities except for cash at banks, details of which are disclosed in Note 18 of Section II below. Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is presented thereon.

5.2 Fair value estimation

The fair value measurements of financial instruments of the Group are disclosed by level of the following measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2009, the Group did not have any financial assets or liabilities that were measured at fair value.

The following table represents the Group's financial assets that are measured at fair value at 31 March 2010 and 2011 and 31 July 2011.

	As at 31 March				As at 31 July	
	2010		2011		2011	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss						
— Quoted investment funds	10,093	—	11,134	—	—	—
— Entrusted investment funds	—	—	—	35,626	—	6,055
Available-for-sale financial assets						
— Quoted investment funds	—	—	9,943	—	4,864	—
	10,093	—	21,077	35,626	4,864	6,055

At 31 March 2009, 2010 and 2011 and 31 July 2011, the Group did not have any financial liabilities that were measured at fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted investment funds comprising equity and debt securities classified as financial assets through profit or loss and available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Instruments included in level 2 comprise primarily entrusted investment funds comprising equity and debt securities classified as financial assets through profit or loss.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade receivables, deposits and other receivables, and amounts due from directors, a shareholder and related companies, and the Group's current financial liabilities including trade payables, accruals and other payables, amount due to a director, a shareholder and a related company, approximate their fair values due to their short maturities.

5.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or to obtain bank borrowings.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (include current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the combined balance sheet, plus net debt.

The Group's strategy was to maintain a minimal gearing ratio. Management consider that the Group's capital risk is minimal as the Group has cash and cash equivalents of approximately HK$26,280,000, HK$48,183,000, HK$74,206,000 and HK$139,849,000 as at 31 March 2009, 2010 and 2011 and 31 July 2011 respectively, and had no outstanding bank loans, overdrafts or other borrowings at 31 March 2009, 2010 and 2011 and 31 July 2011.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Provision for refund policy

Except for the specific refundable slimming programmes as described in Note 4.16, the Group generally adopts a non-refundable service policy as contractually stipulated in all service contracts. Nevertheless, the Group may, depending on facts and circumstances for each case, accommodate certain amount of refunds upon customers' complaints and claims against treatment outcome. Taking into account the historical pattern of refund and actual amount incurred with respect to sales volume, management assesses any required provision at each balance sheet date.

(b) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

(c) Impairment of receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. The assessment is based on the credit history of its clients and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

(d) Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimates is changed.

(e) Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at each balance sheet date with reference to the recent actual reinstatement cost incurred for shops of similar attributes and latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing office and shop premises.

7 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 is derived from the following regions:

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Hong Kong	223,497	188,067	131,947	53,463	30,136
The PRC	1,900	34,139	162,851	42,548	99,465
Macau	10,876	12,651	14,178	4,864	4,898
	236,273	234,857	308,976	100,875	134,499

The combined profit/(loss) before income tax of the Group is attributable to the following regions:

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Hong Kong	29,853	33,731	14,758	8,248	4,275
The PRC	(930)	(6,111)	40,582	6,478	35,086
Macau	5,752	8,115	10,361	3,157	268
	34,675	35,735	65,701	17,883	39,629

The Group's total non-current assets other than deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in the following regions:

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	24,682	15,424	22,989	16,408
The PRC	1,590	16,561	34,235	40,581
Macau	1,551	579	231	85
	27,823	32,564	57,455	57,074

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

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Hong Kong	5,033	7,963	3,872	856	203
The PRC	1,385	13,331	17,467	5,285	6,624
Macau	1,858	3	11	3	—
	8,276	21,297	21,350	6,144	6,827

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

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Machinery and equipment *HK$'000*	Office equipment, furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 1 April 2008					
Cost	23,355	22,072	3,087	2,908	51,422
Accumulated depreciation	(10,988)	(9,147)	(1,023)	(415)	(21,573)
Net book amount	12,367	12,925	2,064	2,493	29,849
Year ended 31 March 2009					
Opening net book amount	12,367	12,925	2,064	2,493	29,849
Additions	5,194	2,024	687	735	8,640
Disposals	(1,391)	—	(32)	(441)	(1,864)
Depreciation	(9,333)	(5,725)	(878)	(580)	(16,516)
Closing net book amount	6,837	9,224	1,841	2,207	20,109
At 31 March 2009					
Cost	24,659	24,096	3,671	3,079	55,505
Accumulated depreciation	(17,822)	(14,872)	(1,830)	(872)	(35,396)
Net book amount	6,837	9,224	1,841	2,207	20,109
Year ended 31 March 2010					
Opening net book amount	6,837	9,224	1,841	2,207	20,109
Additions	14,190	2,714	1,189	3,683	21,776
Disposals	(230)	—	(19)	—	(249)
Depreciation	(7,141)	(5,704)	(945)	(1,353)	(15,143)
Closing net book amount	13,656	6,234	2,066	4,537	26,493
At 31 March 2010					
Cost	32,902	26,810	4,837	6,762	71,311
Accumulated depreciation	(19,246)	(20,576)	(2,771)	(2,225)	(44,818)
Net book amount	13,656	6,234	2,066	4,537	26,493
Year ended 31 March 2011					
Opening net book amount	13,656	6,234	2,066	4,537	26,493
Exchange differences	622	119	47	—	788
Additions	15,995	3,269	2,372	—	21,636
Disposals	(1)	(2)	(17)	—	(20)
Depreciation	(9,372)	(4,479)	(1,291)	(1,352)	(16,494)
Closing net book amount	20,900	5,141	3,177	3,185	32,403
At 31 March 2011					
Cost	48,980	30,206	7,240	6,762	93,188
Accumulated depreciation	(28,080)	(25,065)	(4,063)	(3,577)	(60,785)
Net book amount	20,900	5,141	3,177	3,185	32,403

	Leasehold improvements	Machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Four months ended 31 July 2011					
Opening net book amount	20,900	5,141	3,177	3,185	32,403
Exchange differences	377	11	109	—	497
Additions	5,149	1,024	918	—	7,091
Disposals	—	—	(35)	—	(35)
Depreciation	(3,754)	(952)	(501)	(451)	(5,658)
Closing net book amount	22,672	5,224	3,668	2,734	34,298
At 31 July 2011					
Cost	53,025	31,244	8,196	6,762	99,227
Accumulated depreciation	(30,353)	(26,020)	(4,528)	(4,028)	(64,929)
Net book amount	22,672	5,224	3,668	2,734	34,298

Additions of property, plant and equipment during the Relevant Periods included the estimated cost of reinstatement obligation upon the closure and relocation of shop or office premises.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	HK$'000
At 1 April 2008, 31 March 2009 and 31 March 2010	—
At 1 April 2010	—
Additions	14,912
Disposals	(4,954)
Net losses transfer to equity *(Note 20)*	(15)
At 31 March 2011	9,943
At 1 April 2011	9,943
Disposals	(5,153)
Net gains transfer to equity *(Note 20)*	74
At 31 July 2011	4,864

The financial instruments as at 31 March 2011 and 31 July 2011 represent quoted investment funds relating to equity and debt securities. The underlying assets includes equity securities of companies whose predominant economic activity is gold-mining, fixed and floating rate debt securities, debt obligations of government and government-related issuers worldwide.

The carrying amounts of available-for-sale financial assets are denominated in the following currencies:

	At 31 March			At 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States dollars	—	—	4,791	4,864
Hong Kong dollars	—	—	5,152	—
	—	—	9,943	4,864

The maximum exposure to credit risk at the balance sheet dates is the carrying amount of the investment funds classified as available-for-sale financial assets.

None of these financial assets is past due or impaired.

Together with certain charge of assets and personal guarantee provided by a director as set out on Note 36(a) of Section II below, the entire balance of available-for-sale financial assets are pledged to a financial institution based in Hong Kong as at 31 March 2011 to secure banking facilities in respect of credit card and instalment sales arrangement.

As at 31 July 2011, the Group's available-for-sale financial assets are not pledged to any banking facilities.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 March			Four months ended 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	—	—	10,093	46,760
Exchange differences	—	—	680	495
Additions	—	10,000	172,976	72,159
Disposals	—	—	(138,031)	(113,359)
Net fair value gains *(Note 28)*	—	93	1,042	—
At 31 March/31 July	—	10,093	46,760	6,055

The financial assets at fair value through profit or loss as at 31 March 2010 and 2011 and 31 July 2011 represent the following:

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Quoted investment funds invested in debt and equity securities (i)	—	10,093	11,134	—
Entrusted investment funds invested in debt and equity securities (ii)	—	—	35,626	6,055
At 31 March/31 July	—	10,093	46,760	6,055

(i) The underlying assets includes stocks of PRC companies listed in the PRC, Hong Kong, United States and other countries, companies in the metal, golden or mining industries and government bonds.

(ii) The entrusted investment funds are issued by financial institutions in the PRC whose investments includes short term bank deposits, government bonds, corporate treasury bills, equity investments in entities specialising in real estate and other industries, and other financial products issued by various PRC financial institutions.

The carrying amounts of financial assets at fair value through profit or loss are denominated in the following currencies:

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States dollars	—	10,093	11,134	—
Chinese Renminbi	—	—	35,626	6,055
At 31 March/31 July	—	10,093	46,760	6,055

The maximum exposure to credit risk at the balance sheet dates is the carrying amount of financial assets classified at financial assets at fair value through profit or loss.

None of these financial assets is past due or impaired.

11 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets
	HK$'000	*HK$'000*	*HK$'000*
Assets as per combined balance sheet			
At 31 March 2009			
Trade receivables	17,412	—	—
Other receivables and deposits	7,938	—	—
Amounts due from related companies	33	—	—
Amounts due from directors	68,338	—	—
Cash and cash equivalents	26,280	—	—
	120,001	—	—
At 31 March 2010			
Trade receivables	11,810	—	—
Other receivables and deposits	10,654	—	—
Amounts due from related companies	82	—	—
Amounts due from directors	38,359	—	—
Amount due from a shareholder	29,106	—	—
Financial assets at fair value through profit or loss	—	10,093	—
Cash and cash equivalents	48,183	—	—
	138,194	10,093	—
At 31 March 2011			
Trade receivables	8,103	—	—
Other receivables and deposits	14,580	—	—
Amounts due from related companies	290	—	—
Amounts due from directors	37,268	—	—
Available-for-sale financial assets	—	—	9,943
Financial assets at fair value through profit or loss	—	46,760	—
Cash and cash equivalents	74,206	—	—
	134,447	46,760	9,943
At 31 July 2011			
Trade receivables	8,980	—	—
Other receivables and deposits	18,293	—	—
Amounts due from related companies	328	—	—
Amounts due from directors	36,678	—	—
Available-for-sale financial assets	—	—	4,864
Financial assets at fair value through profit or loss	—	6,055	—
Cash and cash equivalents	139,849	—	—
	204,128	6,055	4,864

	Financial liabilities at amortised costs			
		As at 31 March		As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities as per combined balance sheet				
Trade payables	454	615	1,503	1,142
Accruals and other payables	11,983	16,934	22,264	16,822
Amount due to a related company	83	—	—	—
Amount due to a director	—	—	15,791	16,378
Amount due to a shareholder	—	—	2,677	2,677
	12,520	17,549	42,235	37,019

12 INVENTORIES

		As at 31 March		As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trading merchandises	511	1,018	1,068	668

13 TRADE RECEIVABLES

		As at 31 March		As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	17,412	11,810	8,103	8,980

(a) The carrying amount of the Group's trade receivables are denominated in the following currencies:

		As at 31 March		As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	16,879	9,828	5,792	4,828
Chinese Renminbi	—	1,312	1,764	3,645
Macau Patacas	533	670	547	507
	17,412	11,810	8,103	8,980

The carrying amounts of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as there are a dispersed number of financial institutions with high individual credit ratings through which the credit card and instalment sales arrangements are entered into.

(b) During the Relevant Periods, the credit terms of the Group's trade receivables generally range from 3 days to 90 days. The ageing analysis of trade receivables is as follows:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 60 days	8,262	10,016	6,224	7,564
61 days to 90 days	2,093	1,501	761	369
91 days to 120 days	5,808	200	192	331
Over 120 days	1,249	93	926	716
	17,412	11,810	8,103	8,980

At 31 March 2009, 2010 and 2011 and 31 July 2011, trade receivables of approximately HK$2,311,000, HK$646,000, HK$291,000 and HK$905,000 respectively were past due but not considered to be impaired because these mainly relate to a number of financial institutions with no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 60 days	5	451	—	905
61 days to 90 days	—	25	—	—
91 days to 120 days	2,291	77	—	—
Over 120 days	15	93	291	—
	2,311	646	291	905

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 2009, 2010 and 2011 and 31 July 2011, no collateral has been received from these counterparties.

As at 31 March 2009, 2010 and 2011 and 31 July 2011, no trade receivables were impaired.

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Prepayments	2,800	3,294	16,451	16,111
Deposits	2,793	5,501	2,732	3,487
Other receivables	27	945	1,642	2,537
	5,620	9,740	20,825	22,135
Non-current				
Prepayments for the acquisition of property, plant and equipment	2,596	1,863	4,903	5,643
Rental and utility deposits	5,118	4,208	9,793	12,176
Other deposits	—	—	413	93
	7,714	6,071	15,109	17,912
Total	13,334	15,811	35,934	40,047

The carrying amounts of other receivables and deposits are denominated in the following currencies:

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	6,997	6,792	4,072	3,992
Chinese Renminbi	802	3,725	10,356	14,167
Macau Patacas	139	137	152	134
	7,938	10,654	14,580	18,293

The carrying amounts approximate their fair values.

15 BALANCES WITH RELATED COMPANIES

	Balance as at 31 March 2009	Maximum outstanding balance for the year ended 31 March 2009
	HK$'000	*HK$'000*
Amount due to a related company		
The SPA House Limited	(83)	N/A
Amounts due from related companies		
Excellent Professional Holdings Limited	11	11
Right Time Management Limited	22	22
	33	

	Balance as at 31 March 2010	Maximum outstanding balance for the year ended 31 March 2010
	HK$'000	*HK$'000*
Amounts due from related companies		
The SPA House Limited	40	178
Excellent Professional Holdings Limited	16	16
Right Time Management Limited	26	26
	82	

	Balance as at 31 March 2011	Maximum outstanding balance for the year ended 31 March 2011
	HK$'000	*HK$'000*
Amounts due from related companies		
The SPA House Limited	236	236
Excellent Professional Holdings Limited	22	22
Right Time Management Limited	32	32
	290	

	Balance as at 31 July 2011	Maximum outstanding balance for the four months ended 31 July 2011
	HK$'000	*HK$'000*
Amounts due from related companies		
The SPA House Limited	237	237
Excellent Professional Holdings Limited	22	22
Right Time Management Limited	32	32
Sure Sino Investments Limited	6	6
Market Event Holdings Limited	6	6
Earlson Holdings Limited	6	6
Solution King Limited	6	6
Greater China Investments Company Limited	8	8
Golden Bees International Inc.	5	7
	328	

As at 31 March 2009, 2010 and 2011 and 31 July 2011, the balances with related companies are unsecured, interest free, repayable on demand, and denominated in Hong Kong dollars. The Au-Yeung Family members own 100% equity interest in each of the above related companies.

16 AMOUNTS DUE FROM/(TO) DIRECTORS

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of directors				
Ms. Au-Yeung Wai	28,966	31,339	18,307	18,016
Ms. Au-Yeung Hung	26,853	—	18,961	18,662
Dr. Au-Yeung Kong	12,451	7,020	(15,791)	(16,378)
Ms. Li Yi Fan	68	—	—	—
	68,338	38,359	21,477	20,300
Represented by:				
Amounts due from directors	68,338	38,359	37,268	36,678
Amount due to a director	—	—	(15,791)	(16,378)
Maximum outstanding balance during the year/period				
Ms. Au-Yeung Wai	29,616	35,783	35,783	18,316
Ms. Au-Yeung Hung	27,203	38,266	—	18,962
Dr. Au-Yeung Kong	12,651	13,004	13,004	—
Ms. Li Yi Fan	68	—	—	—

As at 31 March 2009, 2010 and 2011 and 31 July 2011, the balances with directors are unsecured, interest free, repayable on demand and denominated in Hong Kong dollars. All amounts due from/(to) directors have been settled in November 2011.

17 AMOUNTS DUE FROM/(TO) SHAREHOLDERS

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of shareholder				
Ms. Au-Yeung Hung	—	29,106	—	—
Ms. Li Yi Fan	—	—	(2,677)	(2,677)
	—	29,106	(2,677)	(2,677)

As at 31 March 2010 and 2011 and 31 July 2011, balances with shareholders were unsecured, interest free, repayable on demand, and denominated in Hong Kong dollars. The amount due to a shareholder has been settled in November 2011.

18 CASH AND CASH EQUIVALENTS

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks	26,197	47,955	73,964	139,605
Cash on hand	83	228	242	244
	26,280	48,183	74,206	139,849

The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	20,290	30,442	11,725	16,743
Chinese Renminbi	4,437	15,286	60,626	119,821
Macau Patacas	1,553	2,455	1,855	3,285
	26,280	48,183	74,206	139,849

Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Government of the People's Republic of China.

19 COMBINED SHARE CAPITAL

Combined share capital as at each balance sheet date represents the combined share capital of the companies now comprising the Group after elimination of inter-company investments.

20 OTHER RESERVES

	Exchange reserve HK$'000	Statutory reserve HK$'000	Available-for-sale financial asset revaluation reserve HK$'000	Total HK$'000
At 1 April 2008, 31 March 2009 and 1 April 2009	—	—	—	—
Appropriation *(note a)*	—	49	—	49
At 31 March 2010	—	49	—	49
At 1 April 2010	—	49	—	49
Net fair value loss on available-for-sale financial assets	—	—	(15)	(15)
Currency translation differences	465	—	—	465
Appropriation *(note b)*	—	1,165	—	1,165
	465	1,165	(15)	1,615
At 31 March 2011	465	1,214	(15)	1,664
At 1 April 2011	465	1,214	(15)	1,664
Net fair value gain on available-for-sale financial assets	—	—	74	74
Disposals of available-for-sale financial assets	—	—	(197)	(197)
Currency translation differences	796	—	—	796
Appropriation *(note b)*	—	1,211	—	1,211
	796	1,211	(123)	1,884
At 31 July 2011	1,261	2,425	(138)	3,548
Unaudited:				
At 1 April 2010	—	49	—	49
Currency translation differences	(146)	—	—	(146)
At 31 July 2010	(146)	49	—	(97)

Notes:

(a) The Macao Commercial Code number 377 requires that companies incorporated in Macau should set aside a minimum of 25% of their respective profit after income tax to the legal reserve until the balance of the reserve reaches a level equivalent to 50% of their capital.

(b) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate 10% of statutory profits after income tax to statutory surplus reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

21 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The balances shown in the balance sheets are, after appropriate offsetting, as follows:

	As at 31 March			As at 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax assets, to be recovered after more than 12 months	3,451	4,214	12,897	15,632
Deferred income tax liabilities, to be settled after more than 12 months	(275)	(599)	(441)	(1,142)
Deferred income tax liabilities, to be settled within 12 months	—	—	(2,181)	(3,082)
Total deferred income tax liabilities	(275)	(599)	(2,622)	(4,224)
Net deferred income tax assets	3,176	3,615	10,275	11,408

The movement on deferred income tax account is as follows:

	Year ended 31 March			Four months ended 31 July
	2009	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	4,871	3,176	3,615	10,275
(Charged)/credited to profit or loss *(Note 32)*	(1,695)	439	6,427	933
Exchange differences	—	—	233	200
At 31 March/31 July	3,176	3,615	10,275	11,408

The movement in deferred tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

Deferred tax assets

	Tax losses				Decelerated tax deprecation				PRC advertising expenses				PRC accrued expenses				Total			
	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July
	2009	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	5,214	2,102	188	1,790	914	1,606	1,914	2,244	—	—	1,724	2,710	—	—	422	6,153	6,128	3,708	4,248	12,897
(Charged)/credited to profit or loss	(3,112)	(1,914)	1,593	(103)	692	308	330	93	—	1,724	890	214	—	422	5,603	2,331	(2,420)	540	8,416	2,535
Exchange differences	—	—	9	7	—	—	—	—	—	—	96	55	—	—	128	138	—	—	233	200
At 31 March/31 July	2,102	188	1,790	1,694	1,606	1,914	2,244	2,337	—	1,724	2,710	2,979	—	422	6,153	8,622	3,708	4,248	12,897	15,632

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 March 2009, 2010 and 2011 and 31 July 2011, the Group did not recognise certain deferred income tax assets of approximately HK$83,000, HK$242,000, HK$302,000 and HK$520,000 respectively in respect of accumulated losses amounting to approximately HK$507,000, HK$1,442,000, HK$1,678,000 and HK$2,999,000 respectively that can be carried forward indefinitely against future taxable income.

Deferred tax liabilities

	Accelerated tax depreciation				PRC withholding tax				Total			
	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July
	2009	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**	**2009**	**2010**	**2011**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	(1,257)	(532)	(633)	(441)	—	—	—	(2,181)	(1,257)	(532)	(633)	(2,622)
Credited/(charged) to profit or loss	725	(101)	192	64	—	—	(2,181)	(1,666)	725	(101)	(1,989)	(1,602)
At 31 March/ 31 July	(532)	(633)	(441)	(377)	—	—	(2,181)	(3,847)	(532)	(633)	(2,622)	(4,224)

As at 31 March and 31 July 2011, unremitted earnings of PRC subsidiaries totalled HK$21,746,000 and HK$33,220,000 respectively.

22 PROVISION FOR REINSTATEMENT COSTS

The movement of provision for reinstatement costs is as follows:

	Year ended 31 March			Four months ended 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April	1,737	2,051	2,126	1,716
Additional provision during the year/period	364	479	286	264
Actual costs paid	(37)	(481)	(528)	—
(Over)/under provision	(13)	77	(184)	—
Exchange difference	—	—	16	11
At 31 March/31 July	2,051	2,126	1,716	1,991

Represented by:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision for reinstatement costs				
— Non-current	1,648	1,413	1,292	1,392
— Current	403	713	424	599
	2,051	2,126	1,716	1,991

23 TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 30 to 60 days.

An ageing analysis of trade payables as at the balance sheet dates is as follows:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 60 days	123	237	616	510
60 days to 120 days	1	63	323	185
Over 120 days	330	315	564	447
	454	615	1,503	1,142

The carrying amounts of trade payables are denominated in the following currencies:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	388	594	480	605
Chinese Renminbi	—	—	1,018	537
Macau Patacas	66	21	5	—
	454	615	1,503	1,142

The carrying amounts approximate their fair values due to their short-term maturities.

24 ACCRUALS AND OTHER PAYABLES

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued operating expenses	10,675	13,539	17,371	13,427
Other payables	1,308	3,395	4,893	3,395
	11,983	16,934	22,264	16,822

The carrying amounts of accruals and other payables are denominated in the following currencies:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	10,708	9,131	8,913	6,665
Chinese Renminbi	1,250	7,671	13,244	10,061
Macau Patacas	25	132	107	96
	11,983	16,934	22,264	16,822

The carrying amounts approximate their fair values due to their short-term maturities.

25 DEFERRED REVENUE

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred revenue				
— Prepaid treatment packages	116,465	121,044	147,682	146,810
— Product sales	1,858	1,389	990	160
	118,323	122,433	148,672	146,970

The movement of deferred revenue in respect of prepaid treatment packages is as follows:

	Year ended 31 March			Four months ended 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Beginning of the year/period	118,258	116,465	121,044	147,682
Sales contracts entered into during the year/period *(Note a)*	229,234	232,514	306,155	118,311
Revenue recognised upon the provision of services *(Note b)*	(143,280)	(148,469)	(202,957)	(83,727)
Revenue recognised upon expiry of prepaid treatment packages *(Note c)*	(85,983)	(72,754)	(73,250)	(35,147)
Refunds of treatment packages *(Note d)*	(1,764)	(1,941)	(2,386)	(2,276)
Refunds to clients under a refundable slimming programme *(Note e)*	—	(4,771)	(3,554)	—
Exchange differences	—	—	2,630	1,967
At the end of the year/period	116,465	121,044	147,682	146,810

Note a: The amounts represent the receipts from sales of slimming and beauty services to clients which were settled via credit cards, Electronic Payment System ("EPS"), cheques, cash and instalment payment arrangement during the respective years or period.

Note b: The amounts represent the revenue recognised in profit or loss as a result of slimming and beauty services rendered to clients during the years or period.

Note c: The amounts represent the revenue recognised in profit or loss for expired prepaid service packages which were over one year from the date of sales of the treatment packages.

Note d: The amounts represent refunds of treatment packages as a result of clients' complaints and claims against treatment outcome.

Note e: The amounts represent refunds to clients as a result of a refundable slimming programme during the Relevant Periods. Details of the arrangement are described in Note 4.16 of Section II above.

As at 31 March 2009, 2010 and 2011 and 31 July 2011, the deferred revenue is aged within one year from the date when the sales contracts in respect of treatment packages were entered into.

26 REVENUE

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue from provision of treatment services	143,280	148,469	202,957	70,248	83,727
Revenue recognised upon expiry of prepaid treatment packages	85,983	72,754	73,250	24,586	35,147
Revenue from sales of slimming and beauty products	7,010	13,634	32,769	6,041	15,625
	236,273	234,857	308,976	100,875	134,499

27 OTHER INCOME

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Management fee income from a related company *(Note 36)*	152	81	—	—	—
Rental income from the lease of machinery and equipment to a related company *(Note 36)*	15	15	—	—	—
Dividend income	—	—	203	70	43
Others	45	34	181	1	11
	212	130	384	71	54

28 OTHER (LOSSES)/GAINS — NET

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Losses)/gains on disposal of property, plant and equipment	(1,056)	(249)	18	(17)	(34)
Net exchange (losses)/gains	(28)	5	—	(16)	—
Fair value gains on financial assets at fair value through profit or loss	—	93	1,042	101	—
Gains on disposal of financial assets at fair value through profit or loss	—	—	381	—	460
Gains on disposal of available-for-sale financial assets	—	—	139	—	235
Others	60	172	—	—	(1)
Other (losses)/gains — net	(1,024)	21	1,580	68	660

29 OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Doctor consultation fee	2,428	1,871	1,381	655	790
Building management fee	4,278	4,760	6,233	1,841	2,799
Auditor's remuneration	446	434	2,000	668	686
Credit card commission	11,242	10,794	11,780	3,319	4,396
Business tax	95	1,730	7,581	2,124	4,509
Printing, stationeries and general office expenses	975	3,230	3,912	832	1,193
Utility charges	935	1,030	1,950	579	893
Courier, postages and delivery charges	1,246	1,019	1,885	401	1,051
Travelling expenses	425	529	1,964	687	852
Other expenses	6,694	7,461	10,904	2,749	4,598
	28,764	32,858	49,590	13,855	21,767

30 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATIONS)

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wages and salaries	83,812	75,034	80,012	26,902	29,445
Pension costs — defined contribution plans	2,048	2,165	3,430	998	1,546
Other staff welfare	771	1,466	2,206	978	327
	86,631	78,665	85,648	28,878	31,318

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 monthly contributions made by the Group and the employee are subject to a cap of HK$1,000 and contributions thereafter are voluntary.

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% of their basic salaries, while the subsidiaries contribute approximately 11% to 39% 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.

31 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS

(a) Directors' remunerations

The aggregate amount of emoluments paid/payable to directors of the Group is as follows:

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Fees	29,400	2,400	12,000	4,000	1,200
Basic salaries, bonuses, others allowances and benefits in kind	1,800	20,700	—	—	—
Pension costs — defined contribution plan	36	36	—	—	—
	31,236	23,136	12,000	4,000	1,200

The remunerations of each director for the year ended 31 March 2009 are set out below:

Names of directors	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Au-Yeung Kong	9,500	600	—	—	12	10,112
Ms. Au-Yeung Hung	10,400	600	—	—	12	11,012
Ms. Au-Yeung Wai	9,500	600	—	—	12	10,112
	29,400	1,800	—	—	36	31,236

The remunerations of each director for the year ended 31 March 2010 are set out below:

Names of directors	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Au-Yeung Kong	1,200	—	6,500	—	12	7,712
Ms. Au-Yeung Hung	—	1,200	6,500	—	12	7,712
Ms. Au-Yeung Wai	1,200	—	6,500	—	12	7,712
	2,400	1,200	19,500	—	36	23,136

The remunerations of each director for the year ended 31 March 2011 are set out below:

Names of directors	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Au-Yeung Kong	6,000	—	—	—	—	6,000
Ms. Au-Yeung Hung	3,000	—	—	—	—	3,000
Ms. Au-Yeung Wai	3,000	—	—	—	—	3,000
	12,000	—	—	—	—	12,000

The remunerations of each director for the four months ended 31 July 2011 are set out below:

Names of directors	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Au-Yeung Kong	600	—	—	—	—	600
Ms. Au-Yeung Hung	300	—	—	—	—	300
Ms. Au-Yeung Wai	300	—	—	—	—	300
	1,200	—	—	—	—	1,200

The remunerations of each director for the four months ended 31 July 2010 are set out below:

Unaudited:

Names of directors	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Au-Yeung Kong	2,000	—	—	—	—	2,000
Ms. Au-Yeung Hung	1,000	—	—	—	—	1,000
Ms. Au-Yeung Wai	1,000	—	—	—	—	1,000
	4,000	—	—	—	—	4,000

No directors waived or agreed to waive any emoluments during the Relevant Periods. No emoluments were paid to independent non-executive directors during the Relevant Periods.

(b) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Number of individuals			Number of individuals	
				Four months ended	
	Year ended 31 March			31 July	
	2009	2010	2011	2010	2011
				(unaudited)	
Directors	3	3	3	3	3
Employees	2	2	2	2	2
	5	5	5	5	5

Information relating to the remunerations of the directors has been disclosed above. Details of the remunerations of the remaining highest paid non-director individuals during the Relevant Periods are set out below:

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Basic salaries	1,586	1,281	2,027	766	605
Pension costs — defined contribution plan	24	24	24	8	8
	1,610	1,305	2,051	774	613

The number of highest paid non-director individuals whose remunerations for the Relevant Periods fell within the following bands:

	Number of non-directors			Number of non-directors	
	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
				(unaudited)	
Emolument Bands					
Nil to HK$1,000,000	2	2	1	2	2
HK$1,000,001 to HK$1,500,000	—	—	1	—	—
	2	2	2	2	2

During the Relevant Periods, no emoluments have been paid to the Directors of the Company or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

32 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% for the Relevant Periods 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% for the Relevant Periods. Companies established and operated in Macau is subject to Macao Complementary Tax, which is 9% on taxable income above MOP200,000 but below MOP300,000, and thereafter at a fixed rate at 12%.

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current income taxation					
— Hong Kong profits tax	3,636	4,316	8,312	3,110	2,693
— PRC corporate income tax	71	1,698	12,339	3,237	8,983
— Macao complementary tax	690	641	1,217	352	—
Deferred taxation *(Note 21)*	1,695	(439)	(6,427)	(3,118)	(933)
	6,092	6,216	15,441	3,581	10,743

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the combined entities as follows:

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before income tax	34,675	35,735	65,701	17,883	39,629
Tax calculated at the applicable domestic tax rates	5,383	4,480	12,265	2,845	8,758
Income not subject to tax	(12)	(1)	(34)	(1)	(100)
Expenses not deductible	363	1,578	1,579	379	272
Tax effect of unrecognised tax losses	83	31	93	32	265
Utilisation of previously unrecognised temporary differences	—	—	(627)	(62)	(47)
Effect of PRC withholding tax	—	—	2,181	690	1,666
Effect of change in tax rate	275	—	—	—	—
Others	—	128	(16)	(302)	(71)
Tax charge	6,092	6,216	15,441	3,581	10,743

33 DIVIDENDS

Dividends during the Relevant Periods represent dividends declared by the companies now comprising the Group to their then equity holders:

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Perfect Shape (Holdings) Limited	—	—	6,500	—	—
Perfect Shape & Skin Management Limited	—	—	4,000	—	—
Perfect Shape & Skin (TM) Limited	—	—	3,000	—	—
Perfect Shape & Spa Limited	—	—	800	—	—
Perfect Shape & Spa (TST) Limited	—	—	1,800	—	—
Perfect Shape & Skin (YL) Limited	—	—	3,400	—	—
Perfect Shape & Skin (CNT) Limited	—	—	1,700	—	—
Hong Kong Weight Management Research Centre Limited (previously known as "Perfect Shape and Skin (KB) Limited")	—	—	780	—	—
Perfect Shape & Skin (SS) Limited	—	—	1,300	—	—
Perfect Shape & Spa (KT) Limited	—	—	750	—	—
Perfect Shape & Spa (NP) Limited	—	—	770	—	—
Perfect Shape & Spa (TW) Limited	—	5,000	2,600	—	—
Perfect Skin Medical Limited	—	—	2,500	—	—
Perfect Shape & Skin (TW) Limited	—	—	2,000	—	—
Perfect Shape & Skin (ST) Limited	—	—	1,900	—	—
Perfect Shape & Skin (CWB) Limited	—	—	250	—	—
Perfect Shape & Skin (MK) Limited	—	—	820	—	—
Perfect Shape & Skin (TST) Limited	—	—	130	—	—
Perfect Shape & Skin (Macau) Limited	—	—	4,369	—	—
	—	5,000	39,369	—	—

The rates for dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

34 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 March 2009, 2010 and 2011 and the four months ended 31 July 2010 and 2011 on a combined basis as disclosed in Note 3 of Section II above.

35 COMMITMENTS

(a) Operating lease commitments

The Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	19,735	20,025	35,691	39,778
Later than one year and not later than five years	10,404	21,458	80,356	67,501
Later than five years	—	844	384	129
	30,139	42,327	116,431	107,408

(b) Capital commitments

	As at 31 March			As at 31 July
	2009	2010	2011	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	—	3,988	5,752	6,035

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) During the Relevant Periods, certain of the Group's banking facilities in respect of credit card and instalment sales arrangement were secured by personal guarantee provided by Ms. Au Yeung Wai and pledges of real estate properties owned by Dr. Au-Yeung and Ms. Au-Yeung Wai.

(b) Balances with related companies, directors and shareholders are disclosed in Notes 15, 16 and 17 of Section II above respectively.

(c) During the Relevant Periods, the Group carried out the following transactions with related parties:

	Year ended 31 March			Four months ended 31 July	
	2009	**2010**	**2011**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Rental income from the lease of machinery and equipment *(Note i)*					
— The SPA House Limited	15	15	—	—	—
Management fee income *(Note ii)*					
— The SPA House Limited	152	81	—	—	—

Note:

(i) Rental income is calculated in accordance with the terms of the relevant agreements.

(ii) Terms of services are mutually agreed between the relevant parties.

(d) Details of key management compensations are disclosed in Note 31 of Section II above.

37 CASH GENERATED FROM OPERATIONS

	Year ended 31 March			Four months ended 31 July	
	2009	2010	2011	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before income tax	34,675	35,735	65,701	17,883	39,629
Adjustments for:					
— Depreciation	16,516	15,143	16,494	5,515	5,658
— Losses/(gains) on disposal of property, plant and equipment	1,056	249	(18)	17	34
— Gains on disposal of financial assets at fair value through profit or loss	—	—	(381)	—	(460)
— Gains on disposals of available-for-sale financial assets	—	—	(139)	—	(235)
— Fair value gains on financial assets at fair value through profit or loss	—	(93)	(1,042)	(101)	—
— (Over)/under provision for reinstatement costs	(13)	77	(184)	(64)	—
— Dividend income from available-for-sale financial assets	—	—	(203)	(70)	(43)
— Interest income	(4)	(25)	(238)	(19)	(596)
	52,230	51,086	79,990	23,161	43,987
Changes in working capital:					
— Inventories	(511)	(507)	(41)	139	408
— Trade receivables	(852)	5,602	3,774	(4,154)	(829)
— Other receivables, deposits and prepayments	9,346	(3,210)	(16,491)	346	(2,899)
— Balances with directors, shareholders and related companies	(33,425)	(4,259)	9,115	812	1,152
— Trade payables, accruals and other payables	(5,460)	5,112	5,714	6,178	(6,095)
— Deferred revenue	65	4,110	23,589	20,137	(3,685)
Cash generated from operations	21,393	57,934	105,650	46,619	32,039

Major non-cash transactions:

During the years ended 31 March 2010 and 2011, dividends amounting to HK$5,000,000 and HK$39,369,000 respectively were settled through the current accounts with directors and shareholders.

III SUBSEQUENT EVENTS

The following material transactions took place subsequent to 31 July 2011 and up to the date of this report:

(a) The amounts due from directors were fully settled up to the date of this report.

(b) The Group completed the Reorganisation on 1 December 2011 in preparation for a listing of Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the details of which are set out in Note 2 of Section II of this report.

(c) Pursuant to resolutions of the directors dated 3 November 2011, special cash dividends amounting to HK$88,500,000 are declared by the following companies on 3 November 2011. The amounts will be fully settled prior to the listing.

Details are as follows:

Perfect Shape & Skin Limited	HK$250 per share totalling HK$5,000,000
Perfect Shape & Skin (SS) Limited	HK$100 per share totalling HK$1,000,000
Perfect Shape & Skin (TW) Limited	HK$36.94 per share totalling HK$738,835
Paris Medical Beauty Limited	HK$50 per share totalling HK$500,000
Perfect Shape (Holdings) Limited	HK$1,200 per share totalling HK$12,000,000
Perfect Skin Medical Limited	HK$280 per share totalling HK$2,800,000
Perfect Shape & Skin Management Co. Limited	HK$2,200 per share totalling HK$22,000,000
Perfect Shape Advertising Company Limited	HK$50 per share totalling HK$500,000
Perfect Shape Investment (Shanghai) Limited	HK$3,600 per share totalling HK$36,000,000
Perfect Shape & Skin (Macau) Limited	MOP82 per share totalling MOP8,200,000 (equivalent to HK$79.61 per share totalling HK$7,961,165)

IV FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 11 March 2011 with an initial authorised share capital of HK$1,000,000,000 divided into 10,000,000,000 ordinary shares with par value of HK$0.1 each. On the date of incorporation, 100 ordinary shares were issued to Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai at par value. The Company had not been involved in any significant business transactions since its date of incorporation to the date of this report other than the Reorganisation. Upon the Reorganisation completed on 1 December 2011, the Company further issued and allotted 200 ordinary shares pursuant to the First Share Swap Agreement and the Second Share Swap Agreement.

Pursuant to a resolution in writing of the shareholders of the Company passed on 6 January 2012, conditional upon the share premium account of the Company being credited as a result of the global offering, the Directors are authorised to allot and issue an aggregate of 749,999,700 shares, credited as fully paid at par, to the shareholders whose names appear on the register of members of the Company as at the date of close of business on 6 January 2012 by way of capitalisation of HK$74,999,970 standing to the credit of the share premium account of the Company. The 749,999,700 shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.

V SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies comprising the Group in respect of any period subsequent to 31 July 2011. Save as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 31 July 2011.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong