



PERFECT SHAPE

Interim Report 2012



必瘦站 (中國) 控股有限公司

PERFECT SHAPE (PRC) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1830



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr. Au-Yeung Kong (Chairman & Chief Executive Officer)

Ms. Au-Yeung Wai (Chief Operating Officer)

Ms. Au-Yeung Hung

Independent Non-executive Directors

Ms. Hsu Wai Man, Helen

Mr. Chi Chi Hung, Kenneth

Ms. Pang Siu Yin

Audit Committee

Ms. Hsu Wai Man, Helen (Chairman)

Mr. Chi Chi Hung, Kenneth

Ms. Pang Siu Yin

Remuneration Committee

Ms. Hsu Wai Man, Helen (Chairman)

Mr. Chi Chi Hung, Kenneth

Ms. Pang Siu Yin

Dr. Au-Yeung Kong

Ms. Au-Yeung Wai

Nomination Committee

Ms. Hsu Wai Man, Helen (Chairman)

Mr. Chi Chi Hung, Kenneth

Ms. Pang Siu Yin

Dr. Au-Yeung Kong

Ms. Au-Yeung Wai

Company Secretary

Mr. So Hin Lung CPA

Authorised Representatives

Mr. So Hin Lung

Ms. Au-Yeung Wai

Registered Office

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P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suite 02-06, 42nd Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok
Kowloon

Hong Kong

Principal Bankers

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

People's Republic of China

Industrial Bank Co., Ltd.

Auditor

PricewaterhouseCoopers

Principal Share Register and Transfer Office in Cayman Islands

Codan Trust Company (Cayman) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Compliance Advisor

China Everbright Capital Limited

Share Information

Stock code: 1830

Board lot: 4,000 shares

Company website: www.perfectshape.com.hk





MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year 2012 has proven to be another challenging year as poor global economic conditions persist as seen in the ambivalent economic indicators observed in the US and the ongoing debt crisis among European countries. The alarming signals of a slowdown in China's economic growth has also weakened the consumption sentiment within that country. Nevertheless, the Group was able to record steady growth in revenue and reported a satisfactory profit during the period under review. These positive results are mainly attributable to the increasing brand awareness of the "Perfect Shape" brand and the return contributed by the Group's new business line.

For the six months ended 30 September 2012, the Group recorded revenue of HK\$203.6 million, an increase of 4.0% from HK\$195.8 million in the same period last year. In addition, sales contracts of prepaid service packages and products increased by HK\$20.6 million to HK\$210.5 million, representing a respective period-on-period increase of 10.8%. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were HK\$52.0 million (FY2011/12 interim: HK\$55.5 million). The profit attributable to equity holders of the Company was HK\$32.6 million (FY2011/12 interim: HK\$34.6 million).

FINANCIAL PERFORMANCE

Revenue

The Group's total revenue increased by 4.0% to HK\$203.6 million for the six months ended 30 September 2012 compared to HK\$195.8 million for the same period last year. Facing the challenges in the retail market, the Group has been affected by the fluctuating global economy and the slower growth in China's economy. Due to factors such as the deterioration of the macroeconomic environment, consumption behavior became more conservative. Benefited from its well-recognised brand, the Company still recorded a stable revenue growth.

Marketing expenses

Marketing expenses increased by HK\$3.0 million, or 8.3%, from HK\$36.1 million for the six months ended 30 September 2011 to HK\$39.1 million for the period under review. Marketing expenses as a percentage of revenue increased from 18.4% for the six months ended 30 September 2011 to 19.2% in the period under review. The rise in marketing expenses was primarily due to our increasing marketing activities to boost brand awareness and strategically expand market share.

Operating lease rentals

Operating lease rentals mainly related to leased properties in the PRC, Hong Kong and Macau were primarily incurred for the operations of service centres and office premises. Operating lease rentals increased by HK\$5.6 million, or 30.6%, from HK\$18.3 million for the six months ended 30 September 2011 to HK\$23.9 million for the same period in 2012. The increase was due to the expansion of the service centre network in the PRC. The number of shops in the PRC rose from 40 to 50 from 30 September 2011 to 30 September 2012. Aiming at enhancing the future growth of the Group, the Group launched more shops in prime commercial districts for more effective market penetration.



Profit and margin

Profit decreased by HK\$2.0 million from HK\$34.6 million to HK\$32.6 million for the six months ended 30 September 2011 and 2012 respectively, representing a respective period-on-period decrease of 5.8%. Net profit margin decreased from 17.7% for the six months ended 30 September 2011 to 16.0% during the period under review. The profit and profit margin decreased due to increases in the marketing expenses and operating lease rentals, which were incurred to achieve better market penetration at the market development stage. Basic earnings per share were HK3.3 cents (FY2011/12 interim: HK4.6 cents).

Liquidity, financial resources and capital structure

The total equity of the Company as at 30 September 2012 was HK\$228.1 million (As at 31 March 2012: HK\$220.7 million). The Group generally finances its operation with internally generated cash flows. The Group had financial assets at fair value through profit or loss, bank and cash balance of approximately HK\$271.3 million (As at 31 March 2012: HK\$287.2 million), after payment of HK\$25.0 million final dividend for the year ended 31 March 2012, with no external bank borrowings. The Group's gearing ratio as at 30 September 2012 was nil (as at 31 March 2012: nil), based on the short-term and long-term interest bearing bank borrowings and the equity attributable to equity holders of the Company. As at 30 September 2012, the Group had net current assets of approximately HK\$164.7 million (As at 31 March 2012: HK\$158.5 million).

Cash generated from operations in the six months ended 30 September 2012 was approximately HK\$24.4 million (FY2011/12 interim: HK\$35.2 million). The fall in the cash generated from operation was mainly due to an increase the amount withheld by the credit card collection bankers in respect of the sale proceeds arisen from the Group's credit card sale. As at 30 September 2012, the trade receivables was HK\$24.3 million and HK\$17.7 million of this balance has been settled at the date of this interim report. With the bank and cash balances presently in hand, the Group's liquidity position remains strong and it has sufficient financial resources to finance its commitments and to meet its working capital requirements.

Capital commitments

Please refer to note 18 to the financial statements for details of capital commitments.

Contingent liabilities

As at 30 September 2012, the Group did not have any significant contingent liabilities.

Foreign exchange exposure

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

Significant acquisition

During the six months period ended 30 September 2012, there was no significant acquisition by the Group.

Treasury policy

The Group adopts a prudent approach in treasury and investment activities. The Group's surplus funds are mainly held under fixed and saving deposits in renowned banks, principal protected investments as well as listed investment funds to increase returns on the surplus funds. As at 30 September 2012, the financial assets at fair value through profit or loss of the Group amounted to HK\$18.4 million, representing approximately 6.8% of the surplus cash.

Charges on Group's assets

As at 30 September 2012, certain of the Group's banking facilities in respect of credit card and instalment sales arrangement were secured by bank deposits set out in note 14 to the financial statements.

Employees and remuneration policies

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success. As at 30 September 2012, the Group had more than 880 employees. During the period under review, total staff cost accounted for approximately 25.3% of the Group's revenue. The Group's remuneration policies are in line with prevailing market practices and are determined on the basis of the performance and experience of the individual. The Group has constantly been reviewing the staff remuneration package to ensure it is competitive in the relevant industries.



BUSINESS REVIEW AND FUTURE PROSPECTS

With the deterioration of the European debt crisis and the ongoing sluggish growth of the U.S. economy, recovery of the global economy has been difficult. The Group expects that the operating environment would remain challenging in the second half of FY2012/13. Meanwhile, the future economic growth of China would still be subject to a certain extent of downside risk.

In spite of the complexity of the global economy, the Group will continue to bolster its reputation among its customers and in the market by upgrading the quality of its beauty and slimming services as well as its products. In addition, it will enhance its value-added service packages and purchase more advanced beauty equipment from overseas to meet growing customer demand for a wider scope of quality service.

Further, the group is going to enhance its medical beauty services as a result of the burgeoning beauty trend contributed by advances in technology and the emerging beauty concept of anti-aging. For instance, the Group introduced Thermage CPT, the worldwide recognized non-invasive anti-aging therapy, as the Group's high-end treatments during the period under review. As consumers are more cautious about the safety of beauty treatments, they tend to shift towards well-recognized brands like "Perfect Shape". Thus, the Group has directed its own business development efforts towards medical beauty services. During the six months period ended 30 September 2012, the Group has recorded a satisfactory performance in the medical beauty services business, and the sales from this sector are expected to rise further. The Group aims to devote more effort to expand its medical beauty services business under the brand name "Perfect Medical", with an intent to create synergy with the well-established slimming service offered under its "Perfect Shape" brand. In this way, the Company can capitalise on its extensive client base, enticing them to experience the medical beauty services and thus boost the average spending per customer, thereby increasing the Group's recurring income.

Aside from medical beauty services, the Group plans to launch multi-clinics offering one-stop beauty and health management services, such as premium medical beauty services, anti-aging treatments and body check-ups. The Company intends to leverage its strong customer base to enter this business and thereby increase its revenue stream. The Group targets to open four clinics specialising in medical beauty services in Shanghai, Beijing, Guangzhou and Shenzhen within this fiscal year. Complementing the Group's organic growth, the management will consider and weigh the benefits of potential partnerships with companies or mergers and acquisition opportunities which may further enhance the Company's competitiveness and market position.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Note	Six months ended 30 September	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	4	203,578	195,797
Other income	5	2,253	197
Other gains — net	6	442	1,483
Cost of inventories and consumables		(6,522)	(4,003)
Employee benefit expenses		(51,445)	(48,624)
Marketing expenses		(39,065)	(36,115)
Depreciation		(10,622)	(8,108)
Operating lease rentals		(23,945)	(18,308)
Other operating expenses		(33,302)	(34,941)
Operating profit		41,372	47,378
Finance income	7	1,873	1,269
Profit before income tax		43,245	48,647
Income tax expense	8	(10,654)	(14,064)
Profit for the period attributable to equity holders of the Company		32,591	34,583
Other comprehensive (loss)/income:			
Disposal of available-for-sale financial assets		—	(123)
Currency translation differences		(185)	2,175
		(185)	2,052

		Six months ended 30 September	
		2012	2011
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<hr/>			
Total comprehensive income attributable to equity holders of the Company		32,406	36,635
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Earnings per share attributable to equity holders of the Company during the period			
	9		
— basic		HK3.3 cents	HK4.6 cents
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— diluted		HK3.3 cents	HK4.6 cents
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The notes on pages 15 to 26 form an integral part of this condensed consolidated interim financial information.

Details of dividends payable to equity holders of the Company are set out in Note 10.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2012

		30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	39,297	39,568
Deposits and prepayments		20,948	18,303
Deferred income tax assets		9,820	9,843
		70,065	67,714
Current assets			
Inventories		2,077	571
Trade receivables	12	24,315	9,133
Other receivables, deposits and prepayments		24,502	18,648
Amounts due from related companies		354	329
Financial assets at fair value through profit or loss		18,387	6,391
Term deposits with initial terms of over three months	13	6,326	38,901
Pledged bank deposits	14	51,092	36,200
Cash and cash equivalents	15	195,504	205,684
		322,557	315,857
Total assets		392,622	383,571
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	100,000	100,000
Share premium	16	91,748	91,748
Other reserves		3,102	3,287
Retained earnings		33,277	25,686
Total equity		228,127	220,721

		30 September	31 March
		2012	2012
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		4,831	3,716
Provision for reinstatement costs		1,804	1,808
		6,635	5,524
Current liabilities			
Provision for reinstatement costs		906	972
Trade payables	17	2,538	898
Accruals and other payables		18,350	27,223
Deferred revenue		131,489	119,400
Tax payable		4,241	8,197
Amounts due to directors		336	636
		157,860	157,326
Total liabilities		164,495	162,850
Total equity and liabilities		392,622	383,571
Net current assets		164,697	158,531
Total assets less current liabilities		234,762	226,245

The notes on pages 15 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

Unaudited								
Capital and reserves attributable to equity holders of the Company								
	Share Capital	Share premium	Capital reserve	Available- for-sale financial assets revaluation reserve	Statutory reserve	Exchange reserve	Retained earnings	Total
	HK\$'000 (Note 16)	HK\$'000 (Note 16)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 September 2012								
As at 1 April 2012	100,000	91,748	—	—	2,425	862	25,686	220,721
Comprehensive income								
Profit for the period	—	—	—	—	—	—	32,591	32,591
Other comprehensive loss								
Currency translation differences	—	—	—	—	—	(185)	—	(185)
Total comprehensive income for the period	—	—	—	—	—	(185)	32,591	32,406
Dividends (Note 10)	—	—	—	—	—	—	(25,000)	(25,000)
As at 30 September 2012	100,000	91,748	—	—	2,425	677	33,277	228,127
For the six months ended 30 September 2011								
As at 1 April 2011	—	—	457	(15)	1,214	465	46,725	48,846
Comprehensive income								
Profit for the period	—	—	—	—	—	—	34,583	34,583
Other comprehensive (loss)/income								
Disposal of available-for-sale financial assets	—	—	—	(123)	—	—	—	(123)
Currency translation differences	—	—	—	—	—	2,175	—	2,175
Total comprehensive income for the period	—	—	—	(123)	—	2,175	34,583	36,635
Appropriation	—	—	—	—	1,211	—	(1,211)	—
As at 30 September 2011	—	—	457	(138)	2,425	2,640	80,097	85,481

The notes on pages 15 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash generated from operating activities	24,433	35,203
Net cash (used in)/generated from investing activities	(9,191)	43,483
Net cash used in financing activities	(25,000)	—
Net (decrease)/increase in cash and cash equivalents	(9,758)	78,686
Cash and cash equivalents at beginning of the period	205,684	74,206
Effect on foreign exchange	(422)	1,196
Cash and cash equivalents at end of the period	195,504	154,088

The notes on pages 15 to 26 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General Information

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

The Company was incorporated in the Cayman Islands on 11 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 10 February 2012. This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 30 September 2012 is unaudited and has been reviewed by the audit committee of the Company. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 26 November 2012.

2 Basis of Preparation and Accounting Policies

The Company has a financial year end date of 31 March. This condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which was prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2012.

2 Basis of Preparation and Accounting Policies — continued

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2012, except as mentioned below.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 April 2012. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKFRS 1 (amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (amendment)	Disclosures — transfers of financial assets
HKAS 12 (amendment)	Deferred tax: recovery of underlying assets

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

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

HKFRS 1 (amendment)	First time adoption of Hong Kong Financial Reporting Standards — government loans ⁽¹⁾
HKFRS 7 (amendment)	Disclosures — offsetting financial assets and financial liabilities ⁽¹⁾
HKFRS 7 (amendment)	Mandatory effective date of HKFRS 9 and transition disclosures ⁽³⁾
HKFRS 9	Financial instruments ⁽³⁾
Additions to HKFRS 9	Financial instruments — financial liabilities ⁽³⁾
HKFRS 10	Consolidated financial statements ⁽¹⁾
HKFRS 11	Joint arrangements ⁽¹⁾
HKFRS 12	Disclosures of interests in other entities ⁽¹⁾
HKFRS 13	Fair value measurement ⁽¹⁾
HKAS 1 (amendment)	Presentation of financial statements ⁽¹⁾
HKAS 19 (2012)	Employee benefits ⁽¹⁾
HKAS 27 (2012)	Separate financial statements ⁽¹⁾
HKAS 28 (2012)	Investments in associates and joint ventures ⁽¹⁾
HKAS 32 (amendment)	Offsetting financial assets and financial liabilities ⁽²⁾
HK(IFRIC) Int 20	Stripping costs in the production phase of a surface mine ⁽¹⁾

2 Basis of Preparation and Accounting Policies — continued

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

- (1) Effective for the Group for annual period beginning on 1 April 2013.
- (2) Effective for the Group for annual period beginning on 1 April 2014.
- (3) Effective for the Group for annual period beginning on 1 April 2015.

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

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk.

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2012.

There have been no changes in the risk management policies since the year ended 31 March 2012.

4 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 that the performance assessment of the Group should be based on the profit before income tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

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

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	49,900	37,466
The PRC	149,874	151,890
Macau	3,804	6,441
	203,578	195,797

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	
	30 September	31 March
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	22,698	13,260
The PRC	37,272	44,325
Macau	275	286
	60,245	57,871

5 Other Income

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidies	1,351	—
Dividend income	—	43
Others	902	154
	2,253	197

6 Other Gains — Net

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gains on disposal of property, plant and equipment	—	700
Fair value gains on financial assets at fair value through profit or loss	—	(111)
Gains on disposal of financial assets at fair value through profit or loss	442	659
Gains on disposal of available-for-sale financial assets	—	235
Other gains — net	442	1,483

7 Finance Income

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	1,873	1,269

8 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% (2011: 16.5%) for the period 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% (2011: 25%). Companies established and operated in Macau is subject to Macao complementary tax at 9% on taxable income above MOP200,000 but below MOP300,000, and thereafter at a fixed rate at 12% for the six months ended 30 September 2011 and 2012.

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income taxation		
— Hong Kong profits tax	1,868	3,333
— PRC corporate income tax	7,435	9,213
— Macao complementary tax	236	30
Total current income taxation	9,539	12,576
Deferred taxation	1,115	1,488
	10,654	14,064

9 Earnings per Share

Basic

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

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	32,591	34,583
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	1,000,000	750,000
Basic earnings per share (HK cents per share)	3.3	4.6

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the period ended 30 September 2011 has been retrospectively adjusted for the effects of the capitalisation issue of the ordinary shares which took place on 9 February 2012.

Diluted

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

10 Dividends

At a meeting held on 28 June 2012, the directors recommended the payment of a final dividend for the year ended 31 March 2012 of HK2.5 cents per ordinary share, totaling HK\$25,000,000, which was paid on 18 September 2012 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2012.

At a meeting held on 26 November 2012, the directors declared an interim dividend of HK3.3 cents per ordinary share, totaling HK\$33,000,000. The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2013.

11 Property, Plant and Equipment

	Total HK\$'000
Net book amount as at 1 April 2012	39,568
Additions	10,547
Depreciation	(10,622)
Disposals	(85)
Exchange differences	(111)
Net book amount as at 30 September 2012	39,297
Net book amount as at 1 April 2011	32,403
Additions	13,448
Depreciation	(8,108)
Disposals	(645)
Exchange differences	476
Net book amount as at 30 September 2011	37,574

12 Trade Receivables

The credit term 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	
	30 September	31 March
	2012	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Less than 60 days	19,548	7,974
60 days to 90 days	1,941	283
Over 90 days	2,826	876
	24,315	9,133

The carrying amounts of trade receivables approximate their fair values.

13 Term Deposits with Initial Terms of over Three Months

As at 30 September 2012, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 3.18% (as at 31 March 2012: 1.65%).

The carrying amount of the Group's term deposits with initial terms of over three months are denominated in the following currencies:

	As at	
	30 September	31 March
	2012	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong dollars	—	30,000
Chinese Renminbi	6,130	8,901
Macau Patacas	196	—
	6,326	38,901

14 Pledged Bank Deposits

As at 30 September 2012 and 31 March 2012, certain of the Group's bank deposits were pledged to a financial institution based in Hong Kong to secure certain banking facilities in respect of credit card and instalment sales arrangement. As at 30 September 2012, the balance is denominated in HK\$ and its weighted average effective interest rate is 0.11% (as at 31 March 2012: 0.01%).

15 Cash and Cash Equivalents

	As at 30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Cash at banks	92,114	61,744
Cash on hand	269	275
Term deposits with initial terms of less than three months	103,121	143,665
	195,504	205,684
Denominated in:		
Hong Kong dollars	68,095	83,539
Chinese Renminbi	125,335	119,979
Macau Patacas	2,074	2,166
	195,504	205,684

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 the PRC is subject to the rules and regulations of foreign exchange control promulgated by the Government of the People's Republic of China.

16 Share Capital and Share Premium

	Number of shares	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April and 30 September 2011	100	—	—	—
At 1 April and 30 September 2012	1,000,000,000	100,000	91,748	191,748

17 Trade Payables

The normal credit period for trade payables generally ranges from 30 to 90 days. As at 30 September 2012, the ageing analysis of trade payables is as follows:

	As at 30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Less than 60 days	915	265
60 days to 120 days	1,279	46
Over 120 days	344	587
	2,538	898

The carrying amounts of trade payables approximate their fair values.

18 Commitments

The Group had the following capital commitments not provided for:

	As at 30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	3,256	1,059

19 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) Balances with related companies, directors and a shareholder are denominated in HK\$, interest-free, repayable on demand and unsecured.
- (b) Details of key management compensations are disclosed as below:

	Six months ended 30 September 2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Salaries and other benefits	1,950	1,800

20 Events after the Balance Sheet Date

There have been no significant events taken place subsequent to 30 September 2012 until the date of this interim financial information.

INTERIM DIVIDEND

The Board recommended a payment of an interim dividend of HK3.3 cents per share of the Company (the “Share”) for the six months ended 30 September 2012 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company as at Friday, 21 December 2012. The proposed interim dividend will be paid on or around Friday, 11 January 2013.

OTHER INFORMATION

Model Code for Securities Transactions by Directors

The Company has adopted the model code for securities transactions by directors of the Company (the “Directors”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Model Code”). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months period ended 30 September 2012.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 19 December 2012 to Friday, 21 December 2012 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrars in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 December 2012.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Nature of Interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dr. Au-Yeung Kong (Note 1)	Interest of Controlled Corporation	382,500,000 (L)	38.25%
Ms. Au-Yeung Hung (Note 2)	Interest of Controlled Corporation	187,500,000 (L)	18.75%
Ms. Au-Yeung Wai (Note 3)	Interest of Controlled Corporation	180,000,000 (L)	18.00%

(L): Long position

Notes:

- (1) The 382,500,000 shares are held by Sure Sino Investments Limited, and Dr. Au-Yeung Kong beneficially owns the entire issued share capital of Sure Sino Investments Limited. By virtue of the SFO, Dr. Au-Yeung Kong is deemed to be interested in the 382,500,000 shares held by Sure Sino Investments Limited.
- (2) The 187,500,000 shares are held by Market Event Holdings Limited, and Ms. Au-Yeung Hung beneficially owns the entire issued share capital of Market Event Holdings Limited. By virtue of the SFO, Ms. Au-Yeung Hung is deemed to be interested in the 187,500,000 shares held by Market Event Holdings Limited.
- (3) The 180,000,000 shares are held by Earlson Holdings Limited, and Ms. Au-Yeung Wai beneficially owns the entire issued share capital of Earlson Holdings Limited. By virtue of the SFO, Ms. Au-Yeung Wai is deemed to be interested in the 180,000,000 shares held by Earlson Holdings Limited.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation — continued

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares or Debentures

At no time during the six months ended 30 September 2012 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2012, other than the interests of certain Directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Sure Sino Investments Limited	Beneficial Owner	382,500,000 (L)	38.25%
Market Event Holdings Limited	Beneficial Owner	187,500,000 (L)	18.75%
Earlson Holdings Limited	Beneficial Owner	180,000,000 (L)	18.00%

(L): Long position

Save as disclosed above, as at 30 September 2012, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The share option scheme of the Company (the "Share Option Scheme") adopted by the Shareholders by way of written resolution was passed on 6 January 2012 for the purpose of providing the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

There is no option outstanding, granted, exercised, cancelled and lapsed during the six months ended 30 September 2012.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the "CG Code") throughout the six months ended 30 September 2012 except the code provisions A.2.1 and A.6.7 of the CG Code as disclosed below:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the six months ended 30 September 2012, Dr. Au-Yeung Kong has been both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer"); therefore, the Group does not at present separate the roles of the Chairman and the Chief Executive Officer.

Corporate Governance — continued

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

According to the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent non-executive Director was unable to attend the annual general meeting of the Company held on 15 August 2012 due to various work commitments.

Audit Committee

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

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2012.

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 5 December 2011 with written terms of reference which were revised on 20 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee comprises three independent non-executive Directors, namely, Ms. Hsu Wai Man, Helen, Mr. Chi Chi Hung, Kenneth and Ms. Pang Siu Yin, and two executive Directors, namely, Dr. Au-Yeung Kong and Ms. Au-Yeung Wai. Ms. Hsu Wai Man, Helen is the chairman of the Remuneration Committee.

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) was established on 5 December 2011 with written terms of reference which were revised on 20 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession.

The Nomination Committee comprises three independent non-executive Directors, namely, Ms. Hsu Wai Man, Helen, Mr. Chi Chi Hung, Kenneth and Ms. Pang Siu Yin, and two executive Directors, namely, Dr. Au-Yeung Kong and Ms. Au-Yeung Wai. Ms. Hsu Wai Man, Helen is the chairman of the Nomination Committee.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company’s articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Changes of Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information on the Directors are as follows:

The salary of Dr. Au-Yeung Kong, the executive Director, the Chairman and the Chief Executive Officer, has been adjusted from HK\$150,000 per month to HK\$400,000 per month, which was determined by reference to the prevailing market rates and his time, effort and expertise devoted to the Company's affairs, with effect from 1 October 2012.

The salaries of Ms. Au-Yeung Wai, the executive Director and chief operation officer of the Company and Ms. Au-Yeung Hung, the executive Director, have both been adjusted from HK\$75,000 per month to HK\$200,000 per month, which were determined by reference to the prevailing market rates and their time, effort and expertise devoted to the Company's affairs, with effect from 1 October 2012.

Mr. Chi Chi Hung, Kenneth has been appointed as an independent non-executive director of Goodtop Tin International Holdings Limited (stock code: 195), a company listed on the Main Board of the Stock Exchange, on 12 October 2012.

Ms. Hsu Wai Man, Helen was a member of the advisory board of the School of Accountancy of The Chinese University of Hong Kong.

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

Hong Kong, 26 November 2012

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