ANNUAL REPORT 貳零壹叁

必瘦站 PERFECT SHAPE

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

CONTENTS

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

Cricket Square, Hutchins Drive
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

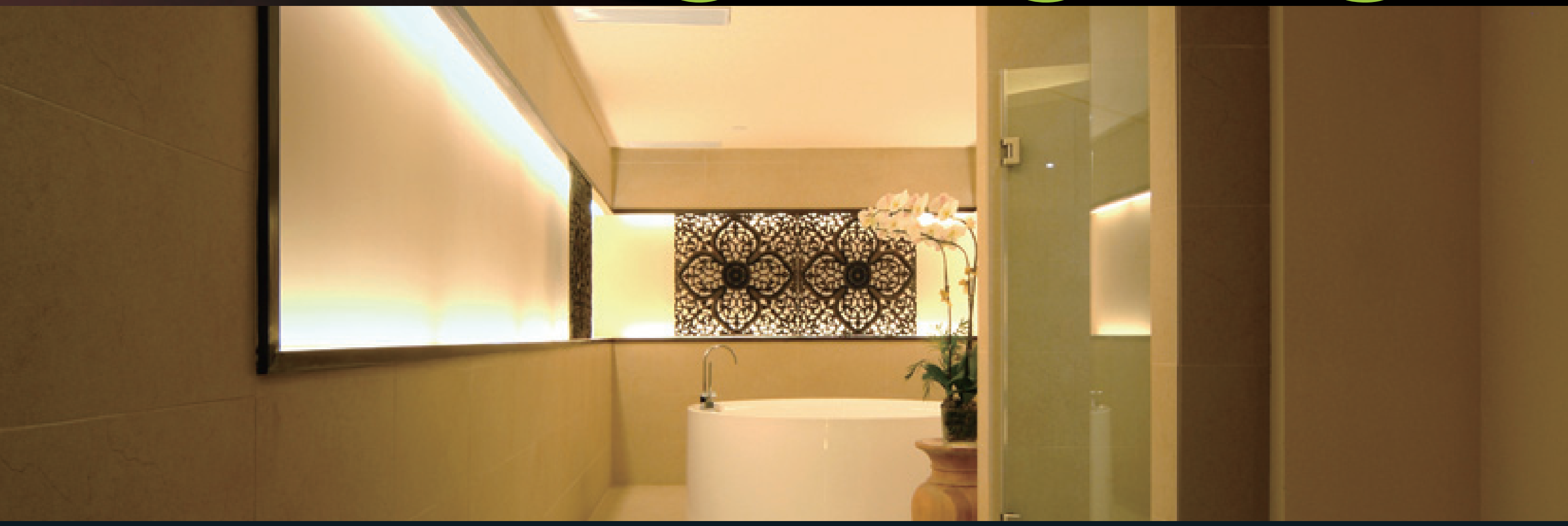
Stock code: 1830
Board lot: 4,000 shares
Company website: www.perfectshape.com.hk

FINANCIAL SUMMARY

RESULTS

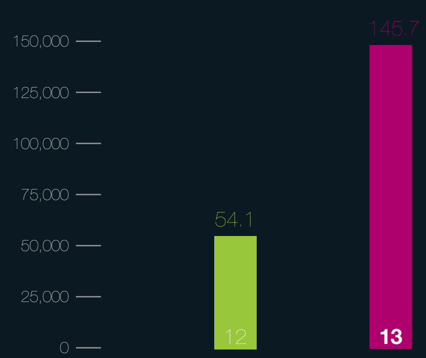
	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Revenue	**443,026**	381,160	308,976	234,857	236,273
Operating profit	**105,480**	87,820	65,463	35,710	34,671
Profit attributable to equity holders of the Company	**78,015**	68,672	50,260	29,519	28,583
Total Assets	**383,326**	383,571	258,872	185,169	149,468
Total Liabilities	**141,405**	162,850	210,026	147,664	136,482

FINANCIAL HIGHLIGHTS

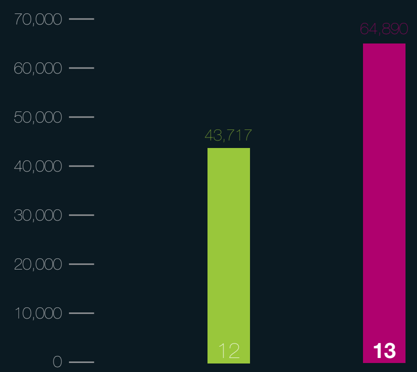


Selected Financial Data	FY2013	FY2012	Change (%)
Financial highlight (HK$'000)			
Revenue	**443,026**	381,160	16.2%
Operating profit	**105,480**	87,820	20.1%
Profit before income tax	**109,116**	90,287	20.9%
Profit attributable to equity holders	**78,015**	68,672	13.5%
Earnings before interest, tax, depreciation and amortization	**129,209**	105,946	22.0%
Total equity attributable to equity holders	**241,921**	220,721	9.6%
Financial information per share			
Earnings	**HK7.8 cents**	HK8.7 cents	
Financial ratio			
Operating profit margin	**23.8%**	23.0%	
Net profit margin	**17.6%**	18.0%	
Return on equity	**32.2%**	31.1%	
Return on total assets	**20.4%**	17.9%	
Current ratio	**2.24 times**	2.01 times	

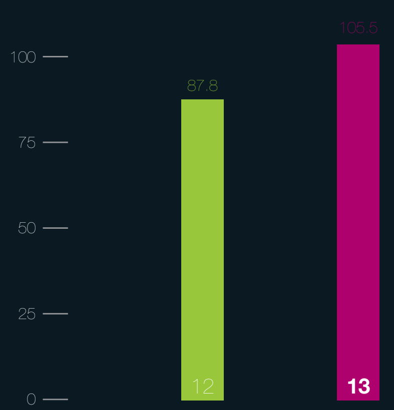
Sales receipts of prepaid packages in Hong Kong ($'million)



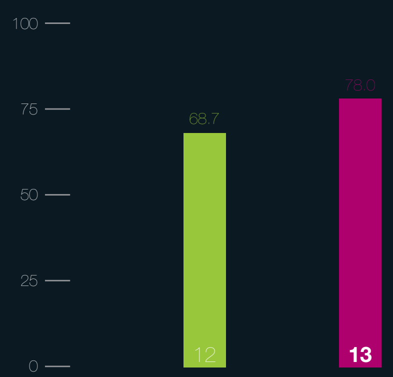
Members in PRC (Number of person)



Operating Profit ($'million)



Net Profit ($'million)



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors, I am pleased to report our promising results for the year ended 31 March 2013. During the year, we continued to grow against the backdrop of challenging global economy and slowdown in China's economic growth.

During the year, our revenue rose by 16.2% to approximately HK$443,026,000. The sales of prepaid packages in Hong Kong increased by 169.3% from HK$54,100,000 to HK$145,700,000. Operating profit rose by 20.1% to HK$105,480,000. Operating profit margin remained stably around 23% in FY2013 and FY2012. In terms of profit attributable to shareholders of the Group, a distinctive year-on-year increase of 13.5% was realised. Net profit margin remained at a satisfactory percentage around 18%. The results are based on the perfect model being shaped over the past decade.

Transformation in the decade

Since 2003 the Company has walked with numerous members in the quest of beauty. From our first slimming and beauty centre in Mongkok opened nine years ago to the active expansion towards Mainland China starting from 2009, we have proudly established stellar reputation in the industry and fast-growing client base. The publicity as well as the confidence among consumers were further stimulated since our listing on Hong Kong Stock Exchange. Today, there are over 60 centres covering 12 major cities in China including Hong Kong and Macau, serving our treasurable members. During the year, we have put emphasis on medical beauty services to cater for the specific needs of our members and to boost our income stream.

Capture of the Market Trend

We have captured meaningful trends of medical beauty services. With the medical knowledge of our management, selected non-invasive result driven cosmetic treatments have been introduced. During the year, "Perfect Medical" has been established to provide medical beauty services such as Ulthera, Elase and Thermage CPT. The increasing focus on medical beauty services has not only brought us significant increase on both profitability and net profit margin, but has also shown our capacity on the selection of services which sustains our growth as well as safeguards the goodwill of "Perfect Shape".

Looking forward, Mainland China will continue to play a central role in the Group's development. We expect that significant spending power will be further unlocked by the China's urbanization through increasing population with access to advanced beauty technology and the rise of urban middle class. Chinese consumers are moving towards premium brands for beauty services according to a Euromonitor Report. Perfect Shape was one of the premium brands which were expected to gain a greater share of the beauty market than mass brands in the report. Hence, to further drive the market share of Perfect Shape, we will continue to extend our geographical coverage in Mainland China and will continue our comprehensive marketing activities. Our prime objective is to become the largest premium slimming and beauty service provider in Mainland China.

Distinctive Results

According to Ibis World's report on skincare, hairdressing, and beauty service, revenue generated across the industry totaled US$961.3 million, up 7.6% for the year. The Group proudly outperformed the industry with a 16.2% growth in revenue. Our ability to perform among the best in our industry is owing to the comprehensive business strategies and our promising business portfolio which will be further discussed in the management discussion and analysis.

Perfecting the Model

We have not settled for the success of services retailing throughout the decade. In contrast, we have chipped in the business-to-business market. In FY2014, the Group has launched cosmetic equipment distribution business. With the Group's established supplier relationship, I believe that the distribution business will provide an additional driving engine for the Group's revenue.

Based on our past experience in entering slimming market in Mainland China, we optimistically foresee that our experience of medical beauty service in Hong Kong can successfully implement this strategy into Mainland China market. I believe that the medical beauty business in Mainland China will enhance our profitability because customers are willing to pay for a premium price for reliable and also Hong Kong-based brand name.

Complementing the Group's organic growth, the management has weighed the benefits of potential partnerships with companies or mergers and acquisition opportunities which would further enhance the Company's competitiveness and market position during the year. Henceforth, to further accelerate Perfect Shape's penetration in the 2nd to 4th tier cities in China, we plan to joint venture and franchise up to 150 cities in the coming 5 years.

Appreciation

Finally, at the heart of Perfect Shape is our people. It is the expertise and the sincerity of our people which provide the highest standard of customer experiences for our members and develop long lasting relationships which are important to our business. On behalf of the Board, I would like to thank every member of our staff for the hard work and commitment.

Dr. Au-Yeung Kong
Chairman

Hong Kong, 26 June 2013

MANAGEMENT DISCUSSION and ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The Group proudly outperformed the industry in the revenue growth and reported a satisfactory profit during the year even though uncertainties arisen from the financial crisis have continued to cloud the global economies and the alarming signals of a slowdown in China's economic growth have weakened the national consumption sentiment. Such impressive performance is mainly attributable to the Group's marketing strategy and its promising business portfolio.

For the year ended 31 March 2013, the Group recorded revenue of HK$443,026,000, representing an increase of 16.2% from HK$381,160,000 last year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were HK$129,209,000 (2012: HK$105,946,000). The profit attributable to equity holders of the Company was HK$78,015,000 (2012: HK$68,672,000).

Immense market potential

Pursuit of beauty has been part of an undeniable nature of human being, its importance has been seen moving upward, in view of surging awareness of appearance and various technology breakthroughs. With reference to the market of China, where the Group's business is mainly located, slimming and beauty services continued to grow in the year ended 31 March 2013, despite the continuous economic fluctuation. According to Ibis World's report on skincare, hairdressing and beauty service, revenue generated across the industry totaled US$961.3 million, up by 7.6% for the year, with annualized growth of 7.1% since 2007. This reflected that the market, which has experienced strong and regular growth, is particularly solid and resilient.

Winning Strategy

The burgeoning market of China has resulted in increasing competition. In encountering the competition, the Group is committed to building our brand "Perfect Shape" which distinguishes it from its competitors. The Group continued to strengthen its market position by employing endorsements from celebrities and expanding its geographical coverage.

According to the trend that Euromonitor subscribes to, it is expected that the premium segment will capture greater market share as consumers continue to migrate upwards. Such observation supported the strategy of targeting mid-to-high-end customers. Among other measures discussed herein, the locations sought for new centres were strictly limited to the prestigious shopping areas.

To date, the Company has over 100,000 members in the PRC, Hong Kong and Macau. This impressive clientele has helped to instill confidence among new members, while referrals have also aided the Group to grasp new market opportunities.

Promising business portfolio

With the tremendous business opportunities arising from the medical beauty services, the Group has reviewed its business portfolio in early 2012 and decided to allocate more resources in developing this business segment, which promised the Group with higher profit margins. Subsequent to the year ended 31 March 2012, the Group recorded satisfactory performance in its medical beauty services, and the sales from this sector are expected to grow further.

Health and safety have laid down the foundation of Perfect Shape. The Group's management team, with their significant medical knowledge and expertise, is determined to further expand the medical beauty services. In particular, the founder and chief executive officer of the Company, Dr Au-Yeung Kong is a registered medical practitioner who has extensive experience in the slimming and medical beauty industry. Being fully capable of selecting or referring suitable medical practitioners to perform medical beauty services, this underscores the Company's commitment to customer safety. Even prior to a fatalistic accidents caused by intravenous therapy in a centre operated by a competitor in Hong Kong last October, the Group has solely offered non-invasive, results driven cosmetic enhancements. The Group will continue to dedicate precaution in formulating the range of services and products.

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China Operations

The Company has a strong network in the PRC. During the year under review, the Group recorded revenue of HK$298,852,000 from its operations in Mainland China, representing a year-on-year growth of 2.4% compared with the revenue of HK$291,745,000 recorded last year.

Of the over 60 service centres of the Group, almost 90% are located in Mainland China. These centres are located in major metropolitan cities, namely Shanghai, Beijing, Shenzhen, Guangzhou, Chengdu, Chongqing, Dongguan, Foshan, Nanjing and Tianjin.

Hong Kong and Macau Operations

During the year under review, the Group recorded revenue of HK$144,174,000 from its operations in Hong Kong and Macau, representing a year-on-year significant growth of 61.2% compared with the revenue of HK$89,415,000 recorded last year.

In additional to "Perfect Shape", "Perfect Medical", with two service centres in Hong Kong, is also under the Group to provide its medical beauty service, which focuses in laser treatments.

Save for the services retailing which the Group has been engaged for a decade, the Group has explored the business-to-business market as well. After the financial year ended 31 March 2013, the Group has launched cosmetic equipment distribution business. With the Group's established relationship with suppliers, it is believed that the distribution business will provide an alternative source of steady income for the Group.

Future Plan

Under the combined effects of population growth, urbanization, progress in infrastructure and growth in China's GDP, the population with access to advanced beauty technology is believed to grow in the coming decade, boosted by the rapid rise of urban middle class. We believe that securing market share under our brand "Perfect Shape" is essential in leveraging the robust growth of the slimming and medical beauty market. The Group will uphold its plan in maximizing its brand coverage over the entire region by the year ending March 2015. Save for seeking suitable locations in opening new branches, the Group has also considered introduction of quality business partners by means of, including but not limited to, franchising. Moreover, our expansion is not limited in the Mainland China. The Group will look for joint venture formation to extend our business outside Hong Kong, Macau and Mainland China when opportunity arises.

The Group plans to launch multi-clinics offering one-stop beauty and health management services. Premium medical beauty services, anti-aging treatments and body checks will be offered to customers in these clinics. In doing so, the Company will leverage its strong customer base to enter into this business segment and increase its revenue stream.

Notwithstanding the goal of progressive expansion, the customer experience will not be compromised. In order to safeguard the hallmark of "Perfect Shape", we will continue to take ultra precaution in reviewing the range of services and products to be offered and the choice of locations of our new centres, in order to have continuous steady growth in the industry.

Financial Review

Financial Performance

For the year ended 31 March 2013, the Group recorded revenue of HK$443,026,000, representing an increase of 16.2% from HK$381,160,000 last year. The increase was largely driven by the growth of Hong Kong operations, which accounted for over 31.1% of the Group's total revenue during the year. Earnings before interest, tax, depreciation and amortization was HK$129,209,000, representing a rise of 22.0% from HK$105,946,000 in 2012. Operating profit reached HK$105,480,000 (2012: HK$87,820,000), representing a significant increase of 20.1%. Operating profit margin remained stably around 23% in FY2013 and FY2012. The profit attributable to equity holders of the Company was HK$78,015,000, up 13.5% year-on-year (2012: HK$68,672,000). Net profit margin remained at a satisfactory percentage around 18%. Basic earnings per share was HK7.8 cents (2012: HK8.7 cent).

Key components of the financial results for the year ended 31 March 2013 extracted from the consolidated financial statements as set out on page 39 of this annual report are highlighted as follows:

	% to Turnover	**2013 HK$'000**	% to Turnover	2012 HK$'000
Turnover		**443,026**		381,160
Employee benefit expenses	**25.0%**	**(110,839)**	25.1%	(95,599)
Marketing expenses	**17.6%**	**(78,134)**	16.2%	(61,901)
Operating lease rentals	**11.1%**	**(49,000)**	10.5%	(40,105)
Depreciation	**5.4%**	**(23,729)**	4.8%	(18,126)
Other operating expenses	**15.7%**	**(69,670)**	19.0%	(72,555)
Income tax expense	**7.0%**	**(31,101)**	5.7%	(21,615)
Profit for the year	**17.6%**	**78,015**	18.0%	68,672

Turnover

The Group achieved a total turnover of HK$443,026,000 for the year ended 31 March 2013, representing a growth of 16.2% as compared to HK$381,160,000 in 2012. The increase in turnover of approximately HK$61,866,000 was largely due to the growth of medical beauty service in Hong Kong operations. The expansion of service capacity facilitated greater take-up of the Group's network services during the year and also broadened the customer base.

The geographical performance of the Group's treatment services and product sales is summarised as follows:

	2013 HK$'000	2012 HK$'000
Turnover		
Mainland China	**298,852**	291,745
Hong Kong	**137,843**	75,215
Macau	**6,331**	14,200
Total	**443,026**	381,160

There is an increase in turnover approximately HK$61,866,000 during 2013, representing a year-on-year increase of 16.2%.

Employee benefit expenses

Employee benefit expenses mainly include wages and salaries, pension costs, staff welfare and directors' remunerations. For FY2013 and FY2012, the Group's employee benefit expenses were HK$110,839,000 and HK$95,599,000 respectively.

The increase was mainly due to the increase of salary which is crucial to our competitiveness by maintaining the quality of service from well-skilled professionals.

Marketing expenses

Marketing expenses increased by HK$16,233,000, or 26.2%, from HK$61,901,000 in FY2012 to HK$78,134,000 in FY2013. The increase in marketing expenses was primarily due to increased marketing activity in Hong Kong in order to raise brand awareness and capture a greater share of the local market. Marketing expenses as a percentage of revenue increased from 16.2% in FY2012 to 17.6% in FY2013. The rise in marketing expenses was primarily due to our increasing marketing activities to boost brand awareness and to strategically expand market share. Our marketing strategies have been proven successful in regard to the impressive performance achieved during the year.

Operating lease rentals

Operating lease rentals mainly related to leased properties located in the PRC, Hong Kong and Macau and are primarily incurred for the operations of service centres and office premises. The operating lease rentals increased by HK$8,895,000, or 22.1%, from HK$40,105,000 in FY2012 to HK$49,000,000 in FY2013. The increase was due to the expansion of the service centre network in the PRC. Aiming at enhancing the future growth of the Group, the Group launched more shops in prime commercial districts for more effective market penetration.

Other operating expenses

Other operating expenses decreased by HK$2,885,000, or 4.0%, from HK$72,555,000 in FY2012 to HK$69,670,000 in FY2013. The decrease was mainly due to an efficient cost control on other operating expenses during the year.

Taxation

Income tax expense increased by HK$9,486,000, or 43.9%, from HK$21,615,000 in FY2012 to HK$31,101,000 in FY2013. The increase is consistent with the increasing trend of profit before income tax and also profit before income tax derived from the PRC, which was subject to higher tax rate.

Profit for the year and Margin

The profit for the year attributable to shareholders reached HK$78,015,000, posting an increase of 13.5% as compared to HK$68,672,000 in FY2012. The Group's net profit margin remained at a satisfactory percentage around 18%. Basic earnings per share in FY2013 was HK7.8 cents as compared to HK8.7 cents in FY2012.

Dividend

The Directors recommended a payment of a final dividend equivalent to HK4.4 cents per share of the Company (the "Share") for the year ended 31 March 2013 to the shareholders of the Company (the "Shareholders") whose names appear on the register of Shareholders on Friday, 23 August 2013, together with interim dividend of HK3.3 cents per share paid, the total dividend for the year ended 31 March 2013 amounted to HK7.7 cents per share.

The proposed final dividend is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company and will be paid on or around Wednesday, 18 September 2013.

Liquidity, Financial Resources and Capital Structure

The total equity of the Company as at 31 March 2013 was HK$241.9 million (2012: HK$220.7 million). The Group generally finances its operation with internal generated cash flows. The Group had bank and cash balance of approximately HK$223.2 million as at 31 March 2013 (2012: HK$280.8 million), with no external bank borrowing. The Group's gearing ratio as at 31 March 2013 was nil (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 31 March 2013, the Group had net current assets of approximately HK$166.1 million (2012: HK$158.5 million).

Cash generated from operations in 2013 is approximately HK$68.3 million (2012: HK$80.0 million). With the bank and cash balances on hand, the Group's liquidity position remains strong and it has sufficient financial resources to finance its commitments and to meet its working capital requirement.

Capital Expenditure

The total capital expenditure incurred by the Group during the year ended 31 March 2013 amounted to HK$36.3 million, which were mainly used in leasehold improvements, equipment and machinery in connection with the expansion of its service network.

Capital Commitments

As at 31 March 2013, the Group had the following capital commitments.

	2013 **HK$'000**	2012 HK$'000
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	**2,846**	1,059

Contingent Liabilities

As at 31 March 2013, 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 is no significant exposure to foreign exchange fluctuations.

Significant Acquisition

There was no other significant acquisition by the Group during the year ended 31 March 2013.

Treasury Policies

The Group adopts a prudent approach in the treasury and investment activities. The Group's surplus funds are mainly held under fixed and saving deposits in renowned banks as well as principal protected investments to increase returns on the surplus funds. As at 31 March 2013, the financial assets at fair value through profit or loss of the Group amounted to HK$18.7 million, representing approximately 7.7% of the surplus cash.

The Group will continue to adopt conservative treasury policies, control tightly over our cash and strengthen our risk management. Our surplus cash will generally be placed in short-term deposits denominated in HK dollars and Renminbi. In order to achieve greater flexibility in our cash management to enhance the return on surplus cash available, we will continue to invest in general not exceeding 10% of the total amount of our surplus cash in low-risk short-term fixed income investment products, including certificates of deposit issued by authorised institutions or banks in Hong Kong and the PRC. In general, such fixed income investment products will be held to maturity.

Employees and Remuneration Policies

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

The Group employed a total work force of 829 employees as at 31 March 2013 (2012: 864 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The Group has been constantly reviewing staff remuneration package to ensure it is competitive with relevant industries.

Proceeds from Initial Public Offering

The net proceeds from the Company's initial public offering in February 2012 were approximately HK$183.5 million, after deduction of related listing expenses. During the year ended 31 March 2013, the usage of these proceeds was in accordance with the future plans and prospects set out in the Company's prospectus dated 31 January 2012 and within the limit of the net proceeds.

The below table presents the use of net proceeds from listing:

	Net proceeds (HK$ million)		
	Available	**Utilized**	**Unutilized**
Expansion of service centres network in PRC	128.4	(42.8)	85.6
Brand promotion and marketing	27.5	(27.5)	—
Upgrading our management information system and building up an electronic customer relationship management platform	9.2	(0.7)	8.5
General working capital	18.4	—	18.4
	183.5	(71.0)	112.5

The Group held the unutilized net proceeds in short-term deposits or time deposits with reputable banks in Hong Kong as at 31 March 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Au-Yeung Kong ("Dr. Au-Yeung"), aged 41, was appointed as an executive Director, the chairman and the chief executive officer of the Group on 11 March 2011. He is also members of the remuneration committee and nomination committee of the Company. He is also the director of a number of subsidiaries of the Company. He is principally responsible for the overall management, strategic development and major decision-making. Dr. Au-Yeung founded the Group in 2003 and has accumulated over nine years of management and operation experience in slimming and beauty industry. Dr. Au-Yeung graduated from The Chinese University of Hong Kong with a bachelor's degree in medicine and surgery in 1995. In 1997, Dr. Au-Yeung was appointed the Honorary Clinical Lecturer in General Practice of the University of Hong Kong. From 1998 to 2000, Dr. Au-Yeung was appointed as an Honorary Clinical Assistant Professor in Family Medicine by the Centre for Education and Research in Family Medicine of The University of Hong Kong. From 2001 to 2002, Dr. Au-Yeung was appointed the Medical Consultant of Hong Kong Professional Teachers' Union. Dr. Au-Yeung is a registered practicing medical practitioner in Hong Kong. Dr. Au-Yeung is the brother of Ms. Au-Yeung Wai and Ms. Au-Yeung Hung.

Ms. Au-Yeung Wai, aged 43, was appointed as an executive Director and the chief operating officer of the Group on 11 March 2011. She is also members of the remuneration committee and nomination committee of the Company. She is also the director of a number of subsidiaries of the Company. She oversees the daily operation of the Company to ensure it is under normal function. Ms. Au-Yeung Wai graduated from City Polytechnic of Hong Kong with a bachelor degree of arts in accountancy in 1991 and obtained a master's degree in business studies in the Faculty of Social Sciences at The University of Kent at Canterbury in 1995. Since her graduation, she has accumulated many years of experience in the business field. Before joining the Group in 2004 as the general manager, and has accumulated over eight years of experience in slimming and beauty industry. Ms. Au-Yeung Wai is the sister of Dr. Au-Yeung and Ms. Au-Yeung Hung.

Ms. Au-Yeung Hung, aged 48, was appointed as an executive Director on 11 March 2011. She is also the director of a number of subsidiaries of the Company. Ms. Au-Yeung Hung is principally responsible for the operational management of the service centers of the Group. Ms. Au-Yeung Hung graduated from the University of Southern Queensland with a bachelor degree in business administration in 1992. Shortly after graduation, Ms. Au-Yeung Hung commenced her own business of provision of employment agency services which she ceased prior to joining the Group. Ms. Au-Yeung Hung joined the Group in 2005 as the sales and marketing manager, and has accumulated over six years of experience in slimming and beauty industry. Ms. Au-Yeung Hung is the sister of Dr. Au-Yeung and Ms. Au-Yeung Wai.

Independent Non-Executive Directors

Ms. Hsu Wai Man, Helen ("Ms. Hsu"), aged 43, was appointed as an independent non-executive Director on 5 December 2011. She is also the chairman of the audit committee, remuneration committee and nomination committee of the Company. Ms. Hsu has over 20 years' experience in accounting. Ms. Hsu graduated from The Chinese University of Hong Kong with a bachelor degree in business administration. Ms. Hsu had been working with Ernst & Young for 18 years and was a partner of Ernst & Young before she retired from the firm in February 2011. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Ms. Hsu is currently an independent non-executive director of China Forestry Holdings Co. Ltd. (stock code: 930) and Branding China Group Limited (stock code: 8219). Ms. Hsu is also an independent director of SGOCO Group, Ltd. (stock code: SGOC), the shares of which are listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) Stock Market.

Mr. Chi Chi Hung, Kenneth ("Mr. Chi"), aged 44, was appointed as an independent non-executive Director on 5 December 2011. He is also members of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chi has over 20 years of experience in accounting and financial control. He holds a Degree of Bachelor of Accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrator in the United Kingdom. Mr. Chi is currently an executive director of Ceneric (Holdings) Limited (formerly known as "Morning Star Resources Limited") (stock code: 542), Guocang Group Limited (formerly known as "Hua Yi Copper Holdings Limited") (stock code: 559), China Sandi Holdings Limited (stock code: 910) and M Dream Inworld Limited (stock code: 8100). He is an independent non-executive director of L'sea Resources International Holdings Limited (stock code: 195), Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085), Aurum Pacific (China) Group Limited (stock code: 8148), Noble Century Investment Holdings Limited (stock code: 2322), and China Natural Investment Company Limited (stock code: 8250). He was also an independent non-executive director of Interchina Holdings Company Limited (stock code: 202) during the period from 4 October 2011 to 15 August 2012.

Ms. Pang Siu Yin ("Ms. Pang"), aged 52, was appointed as an independent non-executive Director on 5 December 2011. She is also a member of the audit committee, remuneration committee and nomination committee of the Company. Ms. Pang is a practicing solicitor in Hong Kong and a partner of Messers. Cheung Tong & Rosa Solicitors. She is also a member of the Chartered Institute of Arbitrators of the United Kingdom and the Hong Kong Securities Institute. She obtained a master degree of laws from The Victoria University of Manchester in 1992.

Senior Management

Mr. So Hin Lung ("Mr. So"), aged 36, is the chief financial officer and company secretary of the Company and is responsible for overseeing the finance and accounting, internal control, corporate governance and regulatory compliance of the Company. Mr. So joined the Group in March 2011. Mr. So is a member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in auditing and accounting.

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of Shareholders, customers and employees. The Board has adopted the principles and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the year ended 31 March 2013, the Company has complied with the CG Code as set out in Appendix 14 to the Listing Rules, except the deviation as disclosed under the section headed "Chairman and Chief Executive Officer".

Model Code for Securities Transactions by Directors

The Company has adopted the model code for securities transactions by Directors as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2013.

Board of Directors

Composition of the Board of Directors

As at 31 March 2013, the Board comprises three executive Directors and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Dr. Au-Yeung Kong *(Chairman and 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

The biographical details of all Directors are set out on pages 17 and 18 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication or by way of written resolution in accordance with the Company's articles of association. All minutes of Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2013, the Board held 4 meetings and 1 general meeting. Details of the attendance of Directors are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Dr. Au-Yeung Kong *(Chairman and Chief Executive Officer)*	1/1	4/4
Ms. Au-Yeung Wai *(Chief Operating Officer)*	1/1	4/4
Ms. Au-Yeung Hung	1/1	4/4
Independent Non-executive Directors		
Ms. Hsu Wai Man, Helen	1/1	4/4
Mr. Chi Chi Hung, Kenneth	0/1	4/4
Ms. Pang Siu Yin	1/1	4/4

During the year, the management provided all members of the Board with monthly updates in accordance with the code provision C.1.2 of the CG Code.

Directors' Appointment, Re-election and Removal

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date, and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of article 83(3) of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or additional to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) of the Listing Rules. Furthermore, among the three independent non-executive Directors, Ms. Hsu Wai Man, Helen and Mr. Chi Chi Hung, Kenneth have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmation, considers Ms. Hsu Wai Man, Helen, Mr. Chi Chi Hung, Kenneth and Ms. Pan Siu Yin to be independent.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. The Company complied the code provision A.2.7 of the CG Code that the chairman of the Board met the independent non-executive Directors without the present of the executive Directors.

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 March 2013, Dr. Au-Yeung Kong is both the chairman of the Board and the chief executive officer of the Company; therefore, the Group does not at present separate the roles of the chairman and the chief executive officer of the Company.

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

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/ functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on the Directors' training. During the year, all the Directors have participated in continuous professional development by attending seminars or reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Directors	Topic on training covered (Note)
Executive Directors	
Dr. Au-Yeung Kong	(a), (b)
Ms. Au-Yeung Wai	(a), (b)
Ms. Au-Yeung Hung	(a), (b)
Independent Non-executive Directors	
Ms. Hsu Wai Man, Helen	(a), (b), (d)
Mr. Chi Chi Hung, Kenneth	(a), (b), (d)
Ms. Pang Siu Yin	(a), (b), (c), (d)

Note:

(a) Corporate governance

(b) Regulatory

(c) Management

(d) Finance

Remuneration Paid to Members of Key Management

Details of remuneration paid to members of key management (including all Directors and senior management as disclosed in section headed "Biographical Details of Directors and Senior Management" of this report) for the year ended 31 March 2013 fell within the following bands:

	No. of members of key management
HKDNil–HKD1,000,000	4
HKD1,000,001–HKD3,300,000	3

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

Board Committees

Audit Committee

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

The Audit Committee comprises three independent non-executive Directors, 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 reviewing the financial statements and annual results for the year ended 31 March 2013.

During the year ended 31 March 2013, the Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2012, the unaudited consolidated financial statements for the six months ended 30 September 2012, and the internal control and corporate governance issues related to financial reporting of the Company. The Audit Committee held 2 meetings with the external auditor of the Company during the year ended 31 March 2013. Details of the attendance of members of the Audit Committee meetings are as follows:

	Attendance
Ms. Hsu Wai Man, Helen *(Chairman)*	2/2
Mr. Chi Chi Hung, Kenneth	2/2
Ms. Pang Siu Yin	2/2

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the 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 include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination their office or appointment.

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.

During the year ended 31 March 2013, the Remuneration Committee held 1 meeting to review the remuneration packages of all the Directors of the Company. Details of the attendance of members of the Remuneration Committee meeting are as follows:

	Attendance
Ms. Hsu Wai Man, Helen *(Chairman)*	1/1
Mr. Chi Chi Hung, Kenneth	1/1
Ms. Pang Siu Yin	1/1
Dr. Au-Yeung Kong	1/1
Ms. Au-Yeung Wai	1/1

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages include basic salaries and discretionary bonuses.

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 Share Option Scheme was adopted by the Shareholders by way of written resolution passed on 6 January 2012. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide 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 Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company become aligning, thereby providing the eligible persons with additional incentives to improve the Company's performance.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012 and 25 June 2013 respectively in compliance with the CG Code and is 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.

During the year ended 31 March 2013, the Nomination Committee held 1 meeting to review the structure, size and composition of the Board and assess the independence of independent non-executive Directors. Details of the attendance of the meeting of the Nomination Committee are as follows:

	Attendance
Ms. Hsu Wai Man, Helen *(Chairman)*	1/1
Mr. Chi Chi Hung, Kenneth	1/1
Ms. Pang Siu Yin	1/1
Dr. Au-Yeung Kong	1/1
Ms. Au-Yung Wai	1/1

Accountability and Audit

Directors' and Auditor's Responsibilities for the Financial Statements

The Board acknowledges its responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2013, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

A statement by the auditor of the Company regarding their reporting responsibilities is set out on pages 37 and 38 of this annual report.

Auditor's Remuneration

During the year ended 31 March 2013, there is no remuneration paid or payable to the Company's auditor, PricewaterhouseCoopers in respect of non-audit services. The remuneration paid or payable to the Company's auditor in respect of the audit services is as follow:

	HK$'000
Audit services	1,680

Corporate Governance Functions

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- Such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

During the year ended 31 March 2013, the Board held 1 meeting to review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meeting of the Board are as follows:

	Attendance
Executive Directors	
Dr. Au-Yeung Kong	1/1
Ms. Au-Yeung Wai	1/1
Ms. Au-Yeung Hung	1/1
Independent Non-executive Directors	
Ms. Hsu Wai Man, Helen	1/1
Mr. Chi Chi Hung, Kenneth	1/1
Ms. Pang Siu Yin	1/1

Internal Control

During the year ended 31 March 2013, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Group, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder's investments and Group's assets and reviewing the effectiveness of such on an annual basis through the Audit Committee.

The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues and makes recommendations.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group.

Investors and Shareholders Relations

The Company values communication with the shareholders of the Company (the "Shareholders") and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's principal place of business at Suite 02-06, 42nd Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong; or

2. By email at ir@perfectshape.com.hk

The Company uses a number of formal communications channel to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the website of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 58 of the article of association of the Company, any one or more of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Suite 02-06, 42nd Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgment of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

The Board has established a shareholder communication policy and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains websites (www.perfectshape.com.hk) which include the latest information relating to the Group and its businesses.

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2013.

Principal Place of Business in Hong Kong

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Suite 02-06, 42nd Floor, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the provision of slimming and beauty services and the sales of slimming and beauty products. Other particulars of the subsidiaries of the Company are set out in note 39 to the consolidated financial statements.

Results and Appropriations

The profit of the Group for the year ended 31 March 2013 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 39 to 92.

The Directors recommended a payment of a final dividend equivalent to HK4.4 cents per share for the year ended 31 March 2013 to the Shareholders whose names appear on the register of Shareholders on Friday, 23 August 2013, together with interim dividend of HK3.3 cents per share was paid, the total dividend for the year ended 31 March 2013 amounted to HK 7.7 cents per share.

The proposed final dividend is pending approval by the Shareholders at the forthcoming annual general meeting of the Company and will be paid on or around Wednesday, 18 September 2013.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 12 August 2013 to Thursday, 15 August 2013 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 August 2013.

The register of members of the Company will be closed from Wednesday, 21 August 2013 to Friday, 23 August 2013 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the final dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 August 2013.

Major Customers and Suppliers

The Group's top five customers accounted for approximately 1.0% of the total sales. The top five suppliers accounted for approximately 63.3% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 0.3% of the total sales and the Group's largest supplier accounted for approximately 26.1% of the total purchases for the year.

During the year ended 31 March 2013, none of the Directors, or any of their associates or any shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) had beneficial interests in the Group's top five customers and suppliers.

Distributable Reserves

As at 31 March 2013, the Company's reserves available for distribution represent the share premium and retained earnings amounting to approximately HK$124,006,000.

The Directors recommend a payment of a final dividend equivalent to HK4.4 cents per share for the year ended 31 March 2013.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements.

Directors

The Directors during the year ended 31 March 2013 and up to the date of this report were:

Executive Directors

Dr. Au-Yeung Kong *(Chairman and 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

By virtue of article 84 of the articles of association of the Company, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung shall retire from office by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Biographical details of the Directors are set out in pages 17 to 18 of this annual report.

Directors' Service Agreement

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the listing date of the Company (i.e. 10 February 2012) (the "Listing Date") and shall continue thereafter unless and until terminated by not less than three months prior written notice to the other party and subject to the early termination provisions contained therein.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date until terminated by not less than three months written notice to the other party and subject to the early termination provisions contained therein.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within 1 year without payment of compensation (other than statutory compensation).

Share Option Scheme

The following is a summary of principal terms of the share option scheme of the Company (the "Share Option Scheme") adopted by the Shareholders by way of written resolution passed on 6 January 2012 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide 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.

(b) Participants of the Share Option Scheme

The Board may, at its absolute discretion grant all directors (including executive, non-executive or independent non-executive directors), any employee (full-time or part-time), any consultant or adviser of or to the Company or the Group (on an employment or contractual or honorary basis and paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group, options to subscribe at a price calculated in accordance with the paragraph below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date unless the Company obtains the approval from the Shareholder.

As at the date of this annual report, the outstanding number of options available for issue under the Share Option Scheme is 100,000,000 Shares, representing 10% of the issued share capital of the Company.

(d) The maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(e) Timing for exercising option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) Payment of acceptance of option

The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(g) Period of acceptance of option

An offer for the grant of options must be accepted within 28 days from the day on which such offer was made.

(h) The basis of determining the exercise price of option

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to a participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of the Share.

(i) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing from the Adoption Date.

There is no option outstanding, granted, exercised, cancelled and lapsed during the year ended 31 March 2013.

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

As at 31 March 2013, 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 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.

Save as disclosed above, as at 31 March 2013, 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 year ended 31 March 2013 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 31 March 2013, 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 31 March 2013, 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.

Sufficiency of Public Float

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2013, the Company has maintained the public float required by the Listing Rules.

Directors' Interests in Contracts

No contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2013.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2013.

Directors' Interests in Competing Business

As at 31 March 2013, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Retirement Benefits Schemes

Particulars of retirement benefits schemes of the Group are set out in note 15 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

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.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 March 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 19 to 28. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out in the financial highlights section on page 4 of this annual report.

Auditor

PricewaterhouseCoopers will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Dr. Au-Yeung Kong
Chairman

Hong Kong, 26 June 2013

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF PERFECT SHAPE (PRC) HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Perfect Shape (PRC) Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 92, which comprise the consolidated and company balance sheets as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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pwc

羅兵咸永道

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	6	**443,026**	381,160
Other income	7	**1,900**	2,284
Other gains — net	8	**690**	1,320
Cost of inventories and consumables		**(8,764)**	(8,658)
Employee benefit expenses	15	**(110,839)**	(95,599)
Marketing expenses		**(78,134)**	(61,901)
Depreciation		**(23,729)**	(18,126)
Operating lease rentals		**(49,000)**	(40,105)
Other operating expenses	9	**(69,670)**	(72,555)
Operating profit		**105,480**	87,820
Finance income		**3,636**	2,510
Finance cost		**—**	(43)
Finance income — net	10	**3,636**	2,467
Profit before income tax		**109,116**	90,287
Income tax expense	11	**(31,101)**	(21,615)
Profit for the year attributable to equity holders of the Company		**78,015**	68,672
Other comprehensive income:			
Disposal of available-for-sale financial assets		**—**	15
Currency translation differences		**1,185**	397
Total other comprehensive income for the year		**1,185**	412
Total comprehensive income for the year attributable to equity holders of the Company		**79,200**	69,084
Earnings per share attributable to equity holders of the Company during the year	14		
— basic		**HK7.8 cents**	HK8.7 cents
— diluted		**HK7.8 cents**	HK8.7 cents

The notes on pages 45 to 92 are an integral part of these consolidated financial statements.

Details of dividends payable to equity holders of the Company are set out in Note 13.

CONSOLIDATED BALANCE SHEET

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**52,449**	39,568
Deposits and prepayments	23	**22,105**	18,303
Deferred income tax assets	31	**9,002**	9,843
		83,556	67,714
Current assets			
Inventories	21	**2,585**	571
Trade receivables	22	**19,371**	9,133
Other receivables, deposits and prepayments	23	**35,973**	18,648
Amounts due from related companies	24	**—**	329
Financial assets at fair value through profit or loss	19	**18,684**	6,391
Term deposits with initial terms of over three months	26	**58,137**	38,901
Pledged bank deposits	27	**55,548**	36,200
Cash and cash equivalents	28	**109,472**	205,684
		299,770	315,857
Total assets		**383,326**	383,571
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	**100,000**	100,000
Share premium	29	**91,748**	91,748
Other reserves	30	**5,255**	3,287
Retained earnings	30	**44,918**	25,686
Total equity		**241,921**	220,721
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	31	**5,710**	3,716
Provision for reinstatement costs	32	**1,998**	1,808
		7,708	5,524

	Note	2013 HK$'000	2012 HK$'000
Current liabilities			
Provision for reinstatement costs	32	**838**	972
Trade payables	33	**1,833**	898
Accruals and other payables	34	**35,958**	27,223
Deferred revenue	35	**79,168**	119,400
Tax payable		**15,900**	8,197
Amounts due to directors	25	**—**	636
		133,697	157,326
Total liabilities		**141,405**	162,850
Total equity and liabilities		**383,326**	383,571
Net current assets		**166,073**	158,531
Total assets less current liabilities		**249,629**	226,245

Au-Yeung Kong
Director

Au-Yeung Wai
Director

The notes on pages 45 to 92 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	18	**22,035**	22,035
Amounts due from subsidiaries	18	**224,597**	201,019
		246,632	223,054
Current assets			
Cash and cash equivalents	28	**70**	11,286
Total assets		**246,702**	234,340
EQUITY			
Share capital	29	**100,000**	100,000
Share premium	29	**91,748**	91,748
Reserves	30	**54,934**	40,133
Total equity		**246,682**	231,881
LIABILITIES			
Current liabilities			
Accruals and other payables	34	**20**	2,459
Total liabilities		**20**	2,459
Total equity and liabilities		**246,702**	234,340
Net current assets		**50**	8,827
Total assets less current liabilities		**246,682**	231,881

Au-Yeung Kong
Director

Au-Yeung Wai
Director

The notes on pages 45 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Equity attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Statutory reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
For the year ended 31 March 2013								
At 1 April 2012	**100,000**	**91,748**	**—**	**—**	**2,425**	**862**	**25,686**	**220,721**
Comprehensive income								
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**78,015**	**78,015**
Other comprehensive income								
Currency translation differences	**—**	**—**	**—**	**—**	**—**	**1,185**	**—**	**1,185**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**1,185**	**78,015**	**79,200**
Transactions with owners								
Dividends (Note 13)	**—**	**—**	**—**	**—**	**—**	**—**	**(58,000)**	**(58,000)**
Appropriation (Note 30(b))	**—**	**—**	**—**	**—**	**783**	**—**	**(783)**	**—**
	—	**—**	**—**	**—**	**783**	**—**	**(58,783)**	**(58,000)**
At 31 March 2013	**100,000**	**91,748**	**—**	**—**	**3,208**	**2,047**	**44,918**	**241,921**
For the year ended 31 March 2012								
At 1 April 2011	—	—	457	(15)	1,214	465	46,725	48,846
Comprehensive income								
Profit for the year	—	—	—	—	—	—	68,672	68,672
Other comprehensive income								
Disposal of available-for-sale financial assets	—	—	—	15	—	—	—	15
Currency translation differences	—	—	—	—	—	397	—	397
Total other comprehensive income	—	—	—	15	—	397	—	412
Total comprehensive income	—	—	—	15	—	397	68,672	69,084
Transactions with owners								
Capitalisation issue (Note 29(b))	75,000	(75,000)	—	—	—	—	—	—
Gross proceeds from public offering of shares	25,000	195,000	—	—	—	—	—	220,000
Share issuance costs	—	(28,252)	—	—	—	—	—	(28,252)
Dividends (Note 13)	—	—	—	—	—	—	(88,500)	(88,500)
Appropriation (Note 30(b))	—	—	—	—	1,211	—	(1,211)	—
Distribution to shareholders upon Reorganisation (Note 30(c))	—	—	(457)	—	—	—	—	(457)
	100,000	91,748	(457)	—	1,211	—	(89,711)	102,791
At 31 March 2012	100,000	91,748	—	—	2,425	862	25,686	220,721

The notes on pages 45 to 92 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	38	**68,254**	80,004
Interest received		**3,636**	2,510
Income tax paid		**(22,019)**	(25,726)
Net cash generated from operating activities		**49,871**	56,788
Cash flows from investing activities			
Purchase of property, plant and equipment		**(39,384)**	(23,328)
Sales proceeds from disposal of property, plant and equipment		**245**	1,145
Reinstatement costs paid for shop and office premises		**(60)**	(250)
Purchase of financial assets at fair value through profit or loss		**(61,506)**	(73,073)
Sales proceeds from disposal of available-for-sale financial assets		**—**	10,142
Sales proceeds from disposal of financial assets at fair value through profit or loss		**50,108**	115,119
Dividend income received from available-for-sale financial assets		**—**	43
Increase in term deposits with initial terms of over three months		**(18,571)**	(38,901)
Increase in pledged bank deposits		**(19,348)**	(36,200)
Net cash used in investing activities		**(88,516)**	(45,303)
Cash flows from financing activities			
Net proceeds from the issuance of shares		**—**	191,748
Dividends paid		**(58,000)**	(73,425)
Interest expense paid		**—**	(43)
Proceeds from bank borrowings		**—**	50,000
Repayment of bank borrowings		**—**	(50,000)
Net cash (used in)/generated from financing activities		**(58,000)**	118,280
Net (decrease)/increase in cash and cash equivalents		**(96,645)**	129,765
Cash and cash equivalents at 1 April		**205,684**	74,206
Effect of foreign exchange rate changes		**433**	1,713
Cash and cash equivalents at 31 March		**109,472**	205,684

The notes on pages 45 to 92 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 26 June 2013.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(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

2 Summary of significant accounting policies — continued

2.1 Basis of preparation — continued

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

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

HKFRS 1 (amendment)	First-time adoption of Hong Kong Financial Standards — government loans[2]
HKFRS 7 (amendment)	Disclosures — offsetting financial assets and financial liabilities[2]
HKFRS 7 (amendment)	Mandatory effective date of HKFRS 9 and transition disclosures[4]
HKFRS 9	Financial instruments[4]
Additions to HKFRS 9	Financial instruments — financial liabilities[4]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendments)	Investment entities[3]
HKFRS 13	Fair value measurements[2]
HKAS 1 (amendment)	Presentation of financial statements[1]
HKAS 19 (2011)	Employee benefits[2]
HKAS 27 (2011)	Separate financial statements[2]
HKAS 28 (2011)	Investments in associates and joint ventures[2]
HKAS 32 (amendment)	Offsetting financial assets and financial liabilities[3]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2009-2011 Cycle[2]
HK(IFRIC) Int 20	Stripping costs in the production phase of a surface mine[2]

(1) Effective for the Group for annual period beginning on 1 July 2012
(2) Effective for the Group for annual period beginning on 1 April 2013
(3) Effective for the Group for annual period beginning on 1 April 2014
(4) Effective for the Group for annual period beginning on 1 April 2015

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

2 Summary of significant accounting policies — continued

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc. 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.

Acquisitions of entities under common control have been combined using the uniting of interest method. For other acquisitions of subsidiary, the Group applies 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 to the former owners of the acquiree 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. 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 recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised 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.

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 received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies — continued

2.3 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.

2.4 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 Company's functional currency is Chinese Renminbi ("RMB"). These consolidated financial statements are presented in HK$, which is 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.

2 Summary of significant accounting policies — continued

2.4 Foreign currency translation — continued

(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.

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. Exchange differences arising are recognised in equity.

2.5 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	25% to 30%
Leasehold improvements	Over the unexpired period of lease
Furniture and fixtures	20% to 30%
Office equipment	30%
Motor vehicles	20%

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.

2 Summary of significant accounting policies — continued

2.5 Property, plant and equipment — continued

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.

2.6 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 reporting date.

2.7 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss and loans and receivables. 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 the amounts that are settled or expected to be settled more than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprises trade and other receivables, deposits, amounts due from directors and related companies, cash and cash equivalents, term deposits and pledged deposits.

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. 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 the effective interest method.

2 Summary of significant accounting policies — continued

2.7 Financial assets — continued

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 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.

2.8 Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period 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.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables 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.

2.9 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.

2 Summary of significant accounting policies — continued

2.10 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any 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.

2.11 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.

2.12 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 (as disclosed in Note 20) 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.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

2 Summary of significant accounting policies — continued

2.14 Current and deferred income tax

The income tax expense for the year comprises current and deferred tax. Income 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.

(a) Current income tax

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 places where the Group operates and generates 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.

(b) Deferred income tax

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 nor 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 is provided on temporary differences arising on investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

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.

2 Summary of significant accounting policies — continued

2.15 Employee benefits

(a) 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 has no unvested benefits available to reduce its future contributions.

(b) 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.

2.16 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 provision due to the passage of time is recognised as interest expense.

2 Summary of significant accounting policies — continued

2.17 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 twelve-month expiry policy for service contracts entered into prior to 1 April 2012 and a contractual six-month expiry policy for those entered into thereafter, under which any unutilised treatments at the end of the relevant 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. The 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 six months (2012: twelve months) is entered into for the new premium package. The deferred revenue of the unutilised existing package together with the additional receipt is recognised as deferred revenue, and is recognised as revenue when the services has been rendered to the 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 2013, the Group operated refundable programmes on certain beauty services under which customers entered into service contracts for a prescribed numbers of treatments and are entitled to refunds of the entire contracted amounts upon the completion of last treatments for any unsatisfactory treatment outcome. Revenue from these services are only recognised when the Group's refund obligations are discharged.

(b) Sales of products

Revenue from the sales of slimming and beauty products or redemption of such products by way of utilising an equivalent value of unexpired service treatments 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.

2 Summary of significant accounting policies — continued

2.18 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.

2.19 Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.20 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 or directors, where appropriate.

3 Financial risk management

3.1 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 HK$, Macao Patacas ("MOP") and 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.

3 Financial risk management — continued

3.1 Financial risk factors — continued

(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 in the balance sheet as at 31 March 2013. The Group is not exposed to commodity price risk.

As at 31 March 2013, 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$1,401,000 (2012: HK$479,000) higher/lower as a result of gains/losses arising from change in fair value of these financial assets.

(c) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash at banks, term deposits, pledged bank deposits, financial assets at fair value through profit or loss, trade receivables, deposits and other receivables and amounts due from related companies 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, term deposits and pledged bank deposits are deposited in major financial institutions located in Hong Kong, Macau and the PRC, which are of high credit rating. The Group's financial assets at fair value through profit or loss are placed in a financial institution which is independently rated at high credit ratings. Management does not expect any losses arising from non-performance by these counterparties.

As at 31 March 2013 and 2012, trade receivables of the Group represent amounts due from various financial institutions as a result of credit cards and instalment payment arrangement. 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.

3 Financial risk management — continued

3.1 Financial risk factors — continued

(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.

During the year ended 31 March 2013, except that the instalment sales arrangement with a financial institution carries a credit term of 180 days, the credit terms with other financial institutions on instalment and credit card sales arrangement generally ranged from 3 days to 90 days. Generally, installment of sales arrangement with credit terms exceeding 90 days represents a relatively low proportion of the Group's total sales contracts.

As at 31 March 2013 and 2012, 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 risks

The Group does not have any significant interest bearing financial assets or liabilities except for term deposits, pledged bank deposits and cash at banks, details of which are disclosed in Notes 26, 27 and 28 to the financial statements respectively. Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is therefore presented thereon.

3.2 Fair value estimation

The fair value of the Group's financial instruments are measured by level of the following 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 2013 and 2012, the fair value measurement of the Group's financial assets at fair value through profit or loss is included in level 2. At 31 March 2013 and 2012, the Group did not have any financial liabilities that were measured at fair value.

3 Financial risk management — continued

3.2 Fair value estimation — continued

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.

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 measure the fair value of an instrument are observable, the instrument is included in level 2.

Instruments included in level 2 represent 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 at banks, term deposits, pledged bank deposits, trade receivables, deposits and other receivables, and amounts due from directors and related companies; and the Group's current financial liabilities, including trade payables, accruals and other payables, and amounts due to directors, approximate their fair values due to their short maturities.

3.3 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 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 (including 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 consolidated 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$109,472,000 as at 31 March 2013 (2012: HK$205,684,000), and has no outstanding bank loans, overdrafts or other borrowings at 31 March 2013 (2012: Nil).

4 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 programme as described in Note 2.17, 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.

4 Critical accounting estimates and judgements — continued

(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.

5 Segment information

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

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

	2013	2012
	HK$'000	HK$'000
Hong Kong	**137,843**	75,215
The PRC	**298,852**	291,745
Macau	**6,331**	14,200
	443,026	381,160

5 Segment information — continued

The consolidated profit before income tax of the Group, prior to certain intra-group recharges and excluding the listing expenses, was attributable to the profit/(loss) of following regions:

	2013 HK$'000	2012 HK$'000
Hong Kong	**14,679**	(381)
The PRC	**91,217**	87,921
Macau	**3,220**	8,964
	109,116	96,504

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

	2013 HK$'000	2012 HK$'000
Hong Kong	**33,727**	13,260
The PRC	**40,562**	44,325
Macau	**265**	286
	74,554	57,871

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

	2013 HK$'000	2012 HK$'000
Hong Kong	**21,768**	4,427
The PRC	**14,530**	19,158
	36,298	23,585

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

6 Revenue

	2013 HK$'000	2012 HK$'000
Turnover		
Revenue from treatment services contracts (Note 35(b) & (c))	**375,206**	297,595
Revenue from sales and redemptions of slimming and beauty products (Note 35(d))	**67,820**	83,565
	443,026	381,160

7 Other income

	2013 HK$'000	2012 HK$'000
Government subsidies	**715**	1,827
Dividend income	**—**	43
Others	**1,185**	414
	1,900	2,284

8 Other gains — net

	2013 HK$'000	2012 HK$'000
(Losses)/gains on disposal of property, plant and equipment	**(161)**	578
Net exchange gains/(losses)	**187**	(144)
Fair value gains on financial assets at fair value through profit or loss (Note 19)	**—**	237
Gains on disposal of financial assets at fair value through profit or loss	**664**	465
Gains on disposal of available-for-sale financial assets	**—**	184
Other gains — net	**690**	1,320

9 Other operating expenses

Included in other operating expenses are the following:

	2013 HK$'000	2012 HK$'000
Doctor consultation fee	**1,100**	1,280
Building management fee	**10,573**	9,312
Auditor's remuneration	**1,683**	1,698
Credit card and instalment arrangement commissions	**13,386**	12,425
Business tax	**13,224**	12,525
Printing, stationeries and general office expenses	**5,581**	4,422
Utility charges	**3,505**	3,111
Courier, postages and delivery charges	**4,091**	3,770
Travelling expenses	**1,867**	2,196
Other expenses	**14,660**	21,816
	69,670	72,555

10 Finance income — net

	2013 HK$'000	2012 HK$'000
Interest income on bank deposits	**3,636**	2,510
Interest expense on short-term bank borrowings	**—**	(43)
	3,636	2,467

11 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% (2012: 16.5%) for the year on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operated in the PRC are subject to PRC corporate income tax at the rate of 25% (2012: 25%). 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% for the years ended 31 March 2013 and 2012.

11 Income tax expense — continued

	2013 HK$'000	2012 HK$'000
Current income taxation		
— Hong Kong profits tax	**4,086**	6,409
— PRC corporate income tax	**20,725**	12,756
— Macao complementary tax	**387**	60
	25,198	19,225
Under/(over)-provision in prior years		
— Hong Kong profits tax	**617**	(222)
— PRC corporate income tax	**—**	(4,017)
	617	(4,239)
Total current income taxation	**25,815**	14,986
Deferred taxation (Note 31)	**5,286**	6,629
	31,101	21,615

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 consolidated companies as follows:

	2013 HK$'000	2012 HK$'000
Profit before income tax	**109,116**	90,287
Tax calculated at the applicable domestic tax rates	**23,962**	20,439
Income not subject to tax	**(315)**	(22)
Expenses not deductible	**1,973**	1,001
Tax effect of unrecognised tax losses	**1,389**	752
Utilisation of tax losses and other temporary differences previously not recognised	**(233)**	(266)
Effect of PRC withholding taxes	**4,833**	5,660
Tax credit (note)	**(1,397)**	(1,487)
Under/(over)-provision in prior years	**617**	(4,239)
Others	**272**	(223)
Tax charge	**31,101**	21,615

11 Income tax expense — continued

The weighted average applicable tax rate for the year ended 31 March 2013 was 22.0% (2012: 22.6%). The fluctuation in the weighted average applicable tax rate arose mainly because of the change in the relative profitability of the companies within the Group.

Note: Pursuant to the arrangement between the Mainland China and Hong Kong for the Avoidance of Double Taxation on Income, the Group is entitled to a tax credit for the withholding income tax paid in relation to the royalty income from its PRC companies that is also subject to Hong Kong profits tax.

12 Profit attributable to equity holders

The profit attributable to equity holders for the year ended 31 March 2013 was dealt with in the financial statements of the Company to the extent of approximately HK$72,072,000 (2012: HK$18,186,000).

13 Dividends

	2013	2012
	HK$'000	HK$'000
Interim, paid, of HK3.3 cents per ordinary share (note i)	**33,000**	—
Special, paid (note ii)	**—**	88,500
Final, proposed, of HK4.4 cents (2012: HK 2.5 cents) per ordinary share (notes iii and iv)	**44,000**	25,000
	77,000	113,500

Notes:

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

(ii) Pursuant to respective resolutions on 3 November 2011, certain subsidiaries comprising the Group declared a special dividend relating to the year ended 31 March 2012 amounting to HK$88,500,000 prior to the Company's public offering of shares, the amount of which was paid in January 2012.

(iii) At a meeting held on 28 June 2012, the directors recommended the payment of a final dividend of HK2.5 cents per ordinary share, totaling HK$25,000,000, for the year ended 31 March 2012. The amount was paid on 18 September 2012 and was reflected as an appropriation of retained earnings for the year ended 31 March 2013.

(iv) At a meeting held on 26 June 2013, the directors recommended the payment of a final dividend of HK4.4 cents per ordinary share, totaling HK$44,000,000. The dividend was not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2014 after receiving the shareholders' approval at the coming annual general meeting.

14 Earnings per share

Basic

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

	2013 HK$'000	2012 HK$'000
Profit attributable to equity holders of the Company	**78,015**	68,672
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	**1,000,000**	784,932
Basic earnings per share (HK cents per share)	**7.8**	8.7

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 March 2012 had been retrospectively adjusted for the effects of the capitalisation issue of the ordinary shares which took place on 9 February 2012 as set out in Note 29(b).

Diluted

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

15 Employee benefit expenses (including directors' remunerations)

	2013 HK$'000	2012 HK$'000
Wages and salaries	**95,913**	85,354
Pension costs — defined contribution plans (note)	**9,670**	8,712
Other staff welfares	**5,256**	1,533
	110,839	95,599

Note:

Hong Kong

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

15 Employee benefit expenses (including directors' remunerations) — continued

Note: — continued

The PRC

As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. Depending on the provinces of their registered residences and their current regions of work, the employees contribute approximately 0% to 11% (2012: 0% to 11%) of their basic salaries, while the subsidiaries contribute approximately 16% to 37% (2012: 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.

16 Directors' and senior management's remunerations

(a) Remunerations of directors and chief executive

	Fees	Salary and other benefits	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013					
Executive directors					
Dr. Au-Yeung Kong (chief executive)	**3,300**	**—**	**—**	**—**	**3,300**
Ms. Au-Yeung Hung	**1,650**	**—**	**—**	**—**	**1,650**
Ms. Au-Yeung Wai	**1,650**	**—**	**—**	**—**	**1,650**
Independent non-executive directors					
Ms. Hsu Wai Man, Helen	**100**	**—**	**—**	**—**	**100**
Mr. Chi Chi Hung, Kenneth	**100**	**—**	**—**	**—**	**100**
Ms. Pang Siu Yin	**100**	**—**	**—**	**—**	**100**
	6,900	**—**	**—**	**—**	**6,900**
Year ended 31 March 2012					
Executive directors					
Dr. Au-Yeung Kong (chief executive)	1,800	—	—	—	1,800
Ms. Au-Yeung Hung	900	—	—	—	900
Ms. Au-Yeung Wai	900	—	—	—	900
Independent non-executive directors					
Ms. Hsu Wai Man, Helen	32	—	—	—	32
Mr. Chi Chi Hung, Kenneth	32	—	—	—	32
Ms. Pang Siu Yin	32	—	—	—	32
	3,696	—	—	—	3,696

No directors waived or agreed to waive any emoluments during years ended 31 March 2013 and 2012.

16 Directors' and senior management's remunerations — continued

(b) Five highest paid individuals

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

	Number of individuals	
	2013	2012
Directors	**3**	3
Employees	**2**	2
	5	5

Information relating to the remunerations of the directors has been disclosed above. Details of the remunerations of the remaining highest paid individuals not in the capacity as a director during the year are set out below:

	2013 HK$'000	2012 HK$'000
Basic salaries	**2,223**	1,343
Pension costs — defined contribution plan	**29**	24
	2,252	1,367

The number of highest paid individuals not in the capacity as a director whose remunerations for the year fell within the following bands:

	Number of non-directors	
	2013	2012
Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**2**	—
	2	2

During the year, no emoluments had been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

17 Property, plant and equipment

	Leasehold improve-ments HK$'000	Machinery and equipment HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 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
Year ended 31 March 2012					
Opening net book amount	20,900	5,141	3,177	3,185	32,403
Exchange differences	698	84	144	—	926
Additions	15,721	3,201	2,987	3,023	24,932
Disposals	(7)	—	(150)	(410)	(567)
Depreciation	(12,386)	(2,690)	(1,630)	(1,420)	(18,126)
Closing net book amount	24,926	5,736	4,528	4,378	39,568
At 31 March 2012					
Cost	60,754	33,527	9,971	7,441	111,693
Accumulated depreciation	(35,828)	(27,791)	(5,443)	(3,063)	(72,125)
Net book amount	24,926	5,736	4,528	4,378	39,568
Year ended 31 March 2013					
Opening net book amount	**24,926**	**5,736**	**4,528**	**4,378**	**39,568**
Exchange differences	**207**	**115**	**30**	**—**	**352**
Additions	**9,293**	**23,820**	**2,835**	**716**	**36,664**
Disposals	**(327)**	**—**	**(30)**	**(49)**	**(406)**
Depreciation	**(15,404)**	**(4,597)**	**(2,246)**	**(1,482)**	**(23,729)**
Closing net book amount	**18,695**	**25,074**	**5,117**	**3,563**	**52,449**
At 31 March 2013					
Cost	**67,027**	**57,532**	**12,763**	**7,422**	**144,744**
Accumulated depreciation	**(48,332)**	**(32,458)**	**(7,646)**	**(3,859)**	**(92,295)**
Net book amount	**18,695**	**25,074**	**5,117**	**3,563**	**52,449**

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

18 Interests in subsidiaries — Company

	2013 HK$'000	2012 HK$'000
Unlisted equity investments, at cost	**22,035**	22,035
Amounts due from subsidiaries (note (a))	**224,597**	201,019

Notes:

(a) The amounts due from subsidiaries were unsecured and non-interest bearing. These amounts had no fixed terms of repayment and were regarded as capital contributions to the subsidiaries.

(b) Particulars of the principal subsidiaries of the Company are set out in Note 39.

19 Financial assets at fair value through profit or loss

	2013 HK$'000	2012 HK$'000
At 1 April	**6,391**	46,760
Additions	**61,506**	73,073
Disposals	**(49,444)**	(114,654)
Net fair value gains (Note 8)	**—**	237
Exchange differences	**231**	975
At 31 March	**18,684**	6,391

The financial assets at fair value through profit or loss as at 31 March 2013 and 2012 represented the following:

	2013 HK$'000	2012 HK$'000
Entrusted investment funds invested in debt and equity securities (note)	**18,684**	6,391

Note: The entrusted investment funds were issued by financial institutions in the PRC whose investments included short term bank deposits, government bonds, corporate treasury bills, and other financial products issued by various PRC financial institutions.

As at 31 March 2013 and 2012, financial assets at fair value through profit or loss were denominated in Chinese Renminbi.

As at 31 March 2013 and 2012, the maximum exposure to credit risk was the carrying amount of financial assets at fair value through profit or loss.

As at 31 March 2013 and 2012, none of these financial assets was past due or impaired.

20 Financial instruments by category

Group

	Loans and receivables	Financial assets at fair value through profit or loss
	HK$'000	HK$'000
Assets included in the consolidated balance sheet		
At 31 March 2013		
Trade receivables	**19,371**	**—**
Other receivables and deposits	**25,607**	**—**
Financial assets at fair value through profit or loss	**—**	**18,684**
Term deposits with initial terms of over three months	**58,137**	**—**
Pledged bank deposits	**55,548**	**—**
Cash and cash equivalents	**109,472**	**—**
	268,135	**18,684**
At 31 March 2012		
Trade receivables	9,133	—
Other receivables and deposits	18,418	—
Amounts due from related companies	329	—
Financial assets at fair value through profit or loss	—	6,391
Term deposits with initial terms of over three months	38,901	—
Pledged bank deposits	36,200	—
Cash and cash equivalents	205,684	—
	308,665	6,391

	Financial liabilities at amortised costs	
	2013	2012
	HK$'000	HK$'000
Liabilities included in the consolidated balance sheet		
Trade payables	**1,833**	898
Accruals and other payables	**33,198**	24,222
Amounts due to directors	**—**	636
	35,031	25,756

20 Financial instruments by category — continued

Company

	Loans and receivables	
	2013	2012
	HK$'000	HK$'000
Assets included in the balance sheet		
Cash and cash equivalents	**70**	11,286

	Financial liabilities at amortised costs	
	2013	2012
	HK$'000	HK$'000
Liabilities included in the balance sheet		
Accruals and other payables	**20**	2,459

21 Inventories

	2013	2012
	HK$'000	HK$'000
Trading merchandises	**2,585**	571

22 Trade receivables

	2013 HK$'000	2012 HK$'000
Trade receivables	**19,371**	9,133

The Group's trade receivables were denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Hong Kong dollars	**16,407**	6,654
Chinese Renminbi	**2,498**	1,089
Macau Patacas	**466**	1,390
	19,371	9,133

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.

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

	2013 HK$'000	2012 HK$'000
Less than 60 days	**14,291**	7,974
60 days to 90 days	**1,805**	283
91 days to 120 days	**1,320**	223
Over 120 days	**1,955**	653
	19,371	9,133

22 Trade receivables — continued

At 31 March 2013, trade receivables of approximately HK$740,000 (2012: HK$460,000) were past due but not considered to be impaired because these mainly related to a number of financial institutions of high individual credit ratings with no recent history of default. The ageing analysis of these trade receivables by the days of overdue repayment is as follows:

	2013 **HK$'000**	2012 HK$'000
Less than 60 days	**391**	129
60 days to 120 days	**49**	—
Over 120 days	**300**	331
	740	460

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 2013 and 2012, no collateral was received from these counterparties.

As at 31 March 2013 and 2012 and during the years then ended, no trade receivables were impaired.

23 Other receivables, deposits and prepayments

	2013 HK$'000	2012 HK$'000
Current		
Prepayments	**23,796**	13,945
Deposits	**10,609**	3,900
Other receivables	**1,568**	803
	35,973	18,648
Non-current		
Prepayments for the acquisition of property, plant and equipment	**8,675**	4,588
Rental and utility deposits	**13,392**	11,894
Other deposits	**38**	1,821
	22,105	18,303
Total	**58,078**	36,951

The Group's other receivables and deposits were denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Hong Kong dollars	**11,580**	4,296
Chinese Renminbi	**13,795**	13,770
Macau Patacas	**232**	352
	25,607	18,418

As at 31 March 2013 and 2012, the carrying amounts of other receivables and deposits approximated their fair values.

24 Balances with related companies

	Balance as at 31 March 2013 HK$'000	Maximum outstanding balance for the year ended 31 March 2013 HK$'000
Amounts due from related companies		
The SPA House Limited	—	**237**
Excellent Professional Holdings Limited	—	**22**
Right Time Management Limited	—	**32**
Sure Sino Investments Limited	—	**6**
Market Event Holdings Limited	—	**16**
Earlson Holdings Limited	—	**16**
Solution King Limited	—	**12**
Greater China Investments Company Limited	—	**8**
Golden Bees International Inc.	—	**5**
	—	

	Balance as at 31 March 2012 HK$'000	Maximum outstanding balance for the year ended 31 March 2012 HK$'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	7	7
Greater China Investments Company Limited	8	8
Golden Bees International Inc.	5	7
	329	

As at 31 March 2012, the balances with related companies were unsecured, interest free, repayable on demand, and denominated in Hong Kong dollars. The directors of the Company individually or in aggregate own 100% of the equity interests in each of the above related companies.

25 Amounts due to directors

	2013 HK$'000	2012 HK$'000
Name of directors		
Ms. Au-Yeung Wai	—	168
Ms. Au-Yeung Hung	—	157
Dr. Au-Yeung Kong	—	311
	—	636

As at 31 March 2012, the balances with directors were unsecured, interest free, repayable on demand, and denominated in Hong Kong dollars.

26 Term deposits with initial terms of over three months

As at 31 March 2013, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 3.25% (2012: 1.65%).

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

	2013 HK$'000	2012 HK$'000
Hong Kong dollars	—	30,000
Chinese Renminbi	**57,941**	8,901
Macau Patacas	**196**	—
	58,137	38,901

27 Pledged bank deposits

As at 31 March 2013, certain of the Group's bank deposits were pledged to certain financial institutions based in Hong Kong to secure banking facilities in respect of credit card and instalment sales arrangement. As at 31 March 2013, the weighted average effective interest rate of these deposits is 1.09% (2012: 0.01%).

The Group's pledged bank deposits were denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Hong Kong dollars	**7,987**	36,200
Chinese Renminbi	**47,561**	—
	55,548	36,200

28 Cash and cash equivalents

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Cash at banks	**84,978**	61,744	**70**	11,286
Cash on hand	**292**	275	**—**	—
Term deposits with initial terms of less than three months	**24,202**	143,665	**—**	—
	109,472	205,684	**70**	11,286

The Group's cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong dollars	**66,976**	83,539	**70**	11,286
Chinese Renminbi	**40,925**	119,979	**—**	—
Macau Patacas	**1,571**	2,166	**—**	—
	109,472	205,684	**70**	11,286

Cash at banks earned interest at floating rates based on daily bank deposit rates. The Group's cash and bank balances denominated in RMB were deposited with banks in Hong Kong and the PRC. The conversion of the 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.

29 Share capital and premium — Group and Company

	2013		2012	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000

	Number of shares	**Ordinary shares** HK$'000	**Share premium** HK$'000	**Total** HK$'000
Issued and fully paid:				
At 1 April 2011	100	—	—	—
Issuance of ordinary shares (note (a))	200	—	—	—
Capitalisation issue of shares (note (b))	749,999,700	75,000	(75,000)	—
Shares issued pursuant to the Global Offering (note (c))	250,000,000	25,000	195,000	220,000
Share issuance costs	—	—	(28,252)	(28,252)
At 31 March 2012, 1 April 2012 and 31 March 2013	1,000,000,000	100,000	91,748	191,748

Notes:

The following changes in the Company's authorised and issued share capital took place during the year ended 31 March 2012:

(a) As part of the Group's Reorganisation, on 30 November 2011, the Company, Dr. Au-Yeung, Ms. Au-Yeung Hung, Ms. Au-Yeung Wai and Success Honour Holdings Limited (formerly known as 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 Success Honour Holdings Limited (formerly known as Perfect Shape Holdings (HK) Limited) to the Company, and the considerations are satisfied by the Company issuing and allotting 51, 25 and 24 shares with a total par value of HK$10, all credited as fully paid, to Sure Sino Investments Limited, Market Event Holdings Limited and Earlson Holdings Limited respectively, companies owned and controlled by Dr. Au-Yeung, Ms. Au-Yeung Hung and Ms. Au-Yeung Wai respectively.

On the same day, 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 with a total par value of HK$10, all credited as fully paid, to Sure Sino Investments Limited, Market Event Holdings Limited and Earlson Holdings Limited respectively.

(b) Pursuant to a resolution passed on 6 January 2012, the directors had been authorised to allot and issue a total of 749,999,700 shares of HK$0.10 each of the Company to the holders of shares on the register of members of the Company at the close of business on 6 January 2012 in proportion to their respective shareholdings by way of capitalisation of the sum of HK$74,999,970 standing to the credit of the share premium account of the Company, which was effected on 9 February 2012.

(c) On 9 February 2012, the Company completed its public offering of shares ("Global Offering") by issuing 250,000,000 shares of HK$0.1 each at a price of HK$0.88 per share. The Company's shares were then listed on the Main Board of The Stock Exchange of Hong Kong Limited.

30 Reserves

Group

(a) Movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

(b) 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.

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.

(c) 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 "Stock Exchange"), the Company acquired the entire issued share capital of Success Honour Holdings Limited (formerly known as Perfect Shape Holdings (HK) Limited), Perfect Shape Holdings (China) Limited, Perfect Shape & Skin Management Co., Ltd. and Perfect Shape Advertising Company Limited, the then holding companies of all other companies comprising the Group and consequently became the holding company of the Group. The Reorganisation was completed on 1 December 2011.

The amount of HK$457,000 represented the aggregate consideration paid by the Group for the entire equity interests of the Group's subsidiaries to their then shareholders which was equivalent to the aggregate nominal amounts of issued share capital of the respective subsidiaries.

30 Reserves — continued

Company

	Retained earnings HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
At 1 April 2011	—	—	—	—
Profit for the year	18,186	—	—	18,186
Effect of Reorganisation (note)	—	22,015	—	22,015
Currency translation differences	—	—	(68)	(68)
At 31 March 2012 and 1 April 2012	18,186	22,015	(68)	40,133
Profit for the year	72,072	—	—	72,072
Dividends (Note 13)	(58,000)	—	—	(58,000)
Currency translation differences	—	—	729	729
At 31 March 2013	32,258	22,015	661	54,934

Note: The capital reserve of the Company represents the difference between the aggregate of consideration paid and nominal amounts of the Company's shares issued pursuant to the Reorganisation, and the value of net assets of the underlying subsidiaries.

31 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 sheet are, after appropriate offsetting, as follows:

	2013 HK$'000	2012 HK$'000
Deferred income tax assets		
Deferred tax asset to be recovered after more than 12 months	**9,002**	9,843
Deferred tax asset to be recovered within 12 months	**—**	—
	9,002	9,843
Deferred income tax liabilities		
Deferred tax liability to be recovered after more than 12 months	**(818)**	(338)
Deferred tax liability to be recovered within 12 months	**(4,892)**	(3,378)
	(5,710)	(3,716)
Deferred tax assets — net	**3,292**	6,127

31 Deferred taxation — continued

The movement on net deferred income tax account is as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	**6,127**	10,275
Charged to profit or loss (Note 11)	**(5,286)**	(6,629)
Payment during the year	**2,378**	2,182
Exchange differences	**73**	299
At 31 March	**3,292**	6,127

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 depreciation		PRC advertising expenses		PRC accrued expenses		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At 1 April	**2,647**	1,790	**1,385**	2,244	**2,301**	2,710	**3,510**	6,153	**9,843**	12,897
Credited/(charged) to profit or loss	**666**	844	**(124)**	(859)	**(1,489)**	(502)	**1,502**	(2,836)	**555**	(3,353)
Exchange differences	**1**	13	**—**	—	**9**	93	**63**	193	**73**	299
At 31 March	**3,314**	2,647	**1,261**	1,385	**821**	2,301	**5,075**	3,510	**10,471**	9,843

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 March 2013, the Group did not recognise certain deferred income tax assets of approximately HK$1,547,000 (2012: HK$391,000) in respect of accumulated tax losses amounting to approximately HK$7,344,000 (2012: HK$2,372,000) that can be carried forward indefinitely against future taxable income.

Deferred tax liabilities

	Accelerated tax depreciation		PRC withholding taxes		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At 1 April	**(282)**	(441)	**(3,434)**	(2,181)	**(3,716)**	(2,622)
(Charged)/credited to profit or loss	**(1,967)**	159	**(3,874)**	(3,435)	**(5,841)**	(3,276)
Payment during the year	**—**	—	**2,378**	2,182	**2,378**	2,182
At 31 March	**(2,249)**	(282)	**(4,930)**	(3,434)	**(7,179)**	(3,716)

As at 31 March 2013, unremitted earnings of PRC subsidiaries totalled HK$69,869,000 (2012: HK$54,332,000).

32 Provision for reinstatement costs

The movement of provision for reinstatement costs is as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	**2,780**	1,716
Additional provision during the year	**366**	1,347
Actual costs paid	**(60)**	(250)
Over-provision	**(263)**	(57)
Exchange differences	**13**	24
At 31 March	**2,836**	2,780
Represented by:		
— Non-current	**1,998**	1,808
— Current	**838**	972
	2,836	2,780

33 Trade payables

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 30 to 180 days (2012: 30 to 60 days).

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

	2013	2012
	HK$'000	HK$'000
Less than 60 days	**957**	265
60 days to 120 days	**199**	46
Over 120 days	**677**	587
	1,833	898

The Group's trade payables were denominated in the following currencies:

	2013	2012
	HK$'000	HK$'000
Hong Kong dollars	**597**	497
Chinese Renminbi	**1,236**	401
	1,833	898

34 Accruals and other payables

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accrued operating expenses	**32,307**	19,315	**20**	2,459
Other payables	**3,651**	7,908	**—**	—
	35,958	27,223	**20**	2,459

Accruals and other payables were denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	**11,787**	9,675	**20**	2,459
Chinese Renminbi	**23,966**	17,391	**—**	—
Macau Patacas	**205**	157	**—**	—
	35,958	27,223	**20**	2,459

The carrying amounts of accruals and other payables approximated their fair values.

35 Deferred revenue

	2013 HK$'000	2012 HK$'000
Deferred revenue		
— Prepaid treatment packages	**79,168**	118,247
— Product sales	**—**	1,153
	79,168	119,400

The movement of deferred revenue is as follows:

	2013 HK$'000	2012 HK$'000
Beginning of the year	**119,400**	148,672
Sales contracts entered into during the year (note a)	**407,468**	354,299
Revenue recognised upon the provision of services (note b)	**(217,162)**	(199,034)
Revenue recognised upon expiry of prepaid treatment packages (note c)	**(158,044)**	(98,561)
Revenue recognised for the sales and redemptions of slimming and beauty products (note d)	**(67,820)**	(83,565)
Refunds of treatment packages (note e)	**(5,252)**	(5,820)
Exchange differences	**578**	3,409
At the end of the year	**79,168**	119,400

Notes:

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

(b) The amounts represent revenue recognised in profit or loss as a result of slimming and beauty services rendered to clients during the year.

(c) The amounts represent revenue recognised in profit or loss for prepaid service packages expired in accordance with the contractual service periods stipulated in the respective sale contracts, which last for twelve months for all sale contracts entered into prior to 1 April 2012 and six months for those entered into thereafter.

(d) The amounts represent revenue recognised in profit or loss for the sales and redemptions of products.

(e) The amounts represent refunds of treatment packages as a result of certain clients' complaints and claims in relation to treatment outcome assessed with reference to individual physical conditions and treatment progress on a case-by-case basis.

As at 31 March 2013 and 2012, the entire balance of deferred revenue was aged within one year from the date when the respective sales contracts were entered into.

36 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:

	2013 **HK$'000**	2012 HK$'000
Not later than one year	**54,924**	45,430
Later than one year and not later than five years	**69,170**	77,624
	124,094	123,054

(b) Capital commitments

	2013 **HK$'000**	2012 HK$'000
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	**2,846**	1,059

37 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.

(a) During the years ended 31 March 2013 and 2012, certain of the Group's banking facilities in respect of credit card and instalment sales arrangement were secured by personal guarantee provided by a director and pledged bank deposits set out in Note 27 as at 31 March 2013. As at 31 March 2013, the director's guarantee was no longer required for the banking facilities.

(b) Details of balances with related companies and directors are disclosed in Notes 24 and 25 respectively.

(c) Details of key management compensations are disclosed in Note 16 to the financial statements.

38 Cash generated from operations

	2013 **HK$'000**	2012 HK$'000
Profit before income tax	**109,116**	90,287
Adjustments for:		
— Depreciation	**23,729**	18,126
— Losses/(gains) on disposal of property, plant and equipment	**161**	(578)
— Gains on disposal of financial assets at fair value through profit or loss	**(664)**	(465)
— Gains on disposal of available-for-sale financial assets	**—**	(184)
— Fair value gains on financial assets at fair value through profit or loss	**—**	(237)
— Over-provision for reinstatement costs	**(263)**	(57)
— Dividend income from available-for-sale financial assets	**—**	(43)
— Interest income	**(3,636)**	(2,510)
— Interest expense	**—**	43
	128,443	104,382
Changes in working capital:		
— Inventories	**(1,994)**	514
— Trade receivables	**(10,207)**	(971)
— Other receivables, deposits and prepayments	**(16,229)**	(388)
— Balances with directors, a shareholder and related companies	**(307)**	5,398
— Trade payables, accruals and other payables	**9,358**	3,750
— Deferred revenue	**(40,810)**	(32,681)
Cash generated from operations	**68,254**	80,004

Major non-cash transactions:

During the year ended 31 March 2012, dividends amounting to HK$15,075,000 were settled through the current accounts with directors.

39 Particulars of principal subsidiaries

As 31 March 2013, the Company had the following principal subsidiaries:

Name of subsidiary	Place of incorporation	Principal activities	Registered/issued and fully paid up capital	Effective interest held by the Group
Direct interests:				
Perfect Shape Advertising Company Limited	Hong Kong	Provision of advertising services to the Group	10,000 shares of HK$1 each	100%
Perfect Shape Holdings (China) Limited	The British Virgin Islands	Investment holding	100 shares of US$1 each	100%
Success Honour Holdings Limited (formerly known as Perfect Shape Holdings (HK) Limited)	The British Virgin Islands	Investment holding	100 shares of US$1 each	100%
Perfect Shape & Skin Management Co. Limited	Hong Kong	Holding of trademarks	10,000 shares of HK$1 each	100%
Indirect interests:				
BK Medical Group Limited (formerly known as Dr. Face Limited)	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Skin Limited	Hong Kong	Rental of equipment to group companies	20,000 shares of HK$1 each	100%
I-Medi Asia Limited (formerly known as Perfect Shape & Skin (CNT) Limited)	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Skin (SS) Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Skin (TKO) Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Skin (TM) Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Skin (TW) Limited	Hong Kong	Inactive	20,000 shares of HK$1 each	100%
Perfect Shape & Skin (YL) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Spa Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (CWB) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (KT) Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Skin (Macau) Limited	Macau	Provision of slimming and beauty services and sales of slimming and beauty products	MOP100,000	100%

39 Particulars of principal subsidiaries — continued

Name of subsidiary	Place of incorporation	Principal activities	Registered/issued and fully paid up capital	Effective interest held by the Group
Indirect interests: — continued				
Perfect Shape & Spa (MK) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Paris Medical Beauty Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (NP) Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (TP) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (TST) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape (Holdings) Limited	Hong Kong	Provision of management services to the Group	10,000 shares of HK$1 each	100%
Slim Model Beauty Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Slimming Medical Beauty Centre Limited	Hong Kong	Inactive	10,000 shares of HK$1 each	100%
Perfect Shape & Spa (TW) Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
Perfect Shape Investment (Shanghai) Limited	Hong Kong	Investment holding	10,000 shares of HK$1 each	100%
Perfect Skin Medical Limited	Hong Kong	Provision of slimming and beauty services and sales of slimming and beauty products	10,000 shares of HK$1 each	100%
廣州必瘦站纖體美容有限公司 (Guangzhou Perfect Shape Limited)@	The PRC	Provision of beauty services and sales of cosmetic products	RMB1,000,000	100%
必瘦站企業管理諮詢（深圳）有限公司 (Perfect Shape Consultancy Shenzhen Limited)#	The PRC	Investment holding	RMB1,000,000	100%

39 Particulars of principal subsidiaries — continued

Name of subsidiary	Place of incorporation	Principal activities	Registered/issued and fully paid up capital	Effective interest held by the Group
Indirect interests: — continued				
廣州瘦必站纖體美容有限公司 (Guangzhou Shape Perfect Limited) @	The PRC	Provision of slimming and beauty services and sales of cosmetic products	RMB1,000,000	100%
北京纖麗佳企業管理諮詢有限公司 (Beijing Slimming Beauty Limited) (formerly known as 北京雪肌美容美體有限公司(Beijing Snow Skin Limited)) @	The PRC	Provision of slimming and beauty services and sales of cosmetic products	RMB1,000,000	100%
深圳瘦必站美容纖體有限公司 (Shenzhen Shape Perfect Limited) @	The PRC	Provision of beauty services and sales of cosmetic products	RMB10,000,000	100%
上海慕詩企業管理諮詢有限公司 (Shanghai Mushi Consultancy Limited) @	The PRC	Provision of corporate management services, slimming services, and wholesale of cosmetic products	RMB10,000,000	100%
上海必瘦站企業管理諮詢有限公司 (Shanghai Perfect Shape Consultancy Limited) @	The PRC	Provision of beauty services and sales of beauty products	RMB1,000,000	100%
上海愛瑪企業管理諮詢有限公司 (Shanghai Emma Consultancy Limited) @	The PRC	Provision of corporate management services, beauty and slimming services, and wholesale of cosmetic products	RMB1,000,000	100%
必瘦站投資管理諮詢（上海）有限公司 (Shanghai Perfect Shape Investment Management Limited)@	The PRC	Investment holding	RMB1,000,000	100%
上海必瘦站美容服務有限公司 (Shanghai Perfect Shape Cosmetic Limited) @	The PRC	Provision of slimming and beauty services and sales of cosmetic products	RMB10,000,000	100%
上海必瘦站實業發展有限公司 (Shanghai Perfect Shape Enterprise Development Limited) @	The PRC	Inactive	RMB500,000	100%

The company is established as a wholly foreign-owned enterprise in the PRC.

@ The company is established as a limited liability company in the PRC.

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