



INTERIM REPORT 2013



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



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香港 No.1 上市醫學

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

Ms. Pang Siu Yin

Mr. Chi Chi Hung, Kenneth

AUDIT COMMITTEE

Ms. Hsu Wai Man, Helen (Chairman)

Ms. Pang Siu Yin

Mr. Chi Chi Hung, Kenneth

REMUNERATION COMMITTEE

Ms. Hsu Wai Man, Helen (Chairman)

Ms. Pang Siu Yin

Mr. Chi Chi Hung, Kenneth

Dr. Au-Yeung Kong

Ms. Au-Yeung Wai

NOMINATION COMMITTEE

Ms. Hsu Wai Man, Helen (Chairman)

Ms. Pang Siu Yin

Mr. Chi Chi Hung, Kenneth

Dr. Au-Yeung Kong

Ms. Au-Yeung Wai

COMPANY SECRETARY

Mr. So Hin Lung CPA

AUTHORISED REPRESENTATIVES

Ms. Au-Yeung Wai

Mr. So Hin Lung

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands



美容集團 | Hong Kong Stock Exchange Listed Company

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite O2-O6, 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

Tricolor Investor Services Limited

SHARE INFORMATION

Stock code: 1830

Board lot: 4,000 shares

Company website: www.perfectshape.com.hk



WE CREATE
OPPORTUNITY
GROWTH
LEADERSHIP

MANAGEMENT
DISCUSSION
AND ANALYSIS

OVERVIEW

Pursuit of beauty is an undeniable nature of human being, and its importance has been increasing. This is witnessed in the surging awareness of appearance in society nowadays. Such has translated to the growth of our revenue. For the six months ended 30 September 2013, the Group recorded revenue of HK\$233.1 million, representing an increase of 14.5% from HK\$203.6 million in the same period last year. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) were HK\$65.9 million (FY2012/13 interim: HK\$52.0 million). Profit attributable to equity holders of the Company was HK\$42.2 million (FY2012/13 interim: HK\$32.6 million). Basic earnings per share amounted to HK4.2 cents as compared to HK3.3 cents for the previous period. The Board resolved to declare an interim dividend of HK4.3 cents (FY2012/13: HK3.3 cents) per share.

The Group mainly provides premium slimming and medical beauty services in Hong Kong, Macau and the PRC. During the period, Hong Kong and Macau accounted for 39.1% of the overall revenue whereas the PRC contributed 60.9% of the overall revenue.

HONG KONG AND MACAU OPERATION

During the period under review, revenue contributed from the Hong Kong and Macau markets recorded a promising surge of 69.8% to HK\$91.2 million, from HK\$53.7 million in the same period last year. Apart from the traditional slimming services, the Group introduced the medical beauty services in Hong Kong to offer non-invasive anti-aging and beauty treatments during the period. Such service mainly focus on the urban middle class population, which has relatively high social status and strong awareness of appearance. With such focused positioning, the medical beauty service has soon become a significant growth driver and made promising contribution to the Group. We believe there are more potential to be unleashed from the market. With the rich medical background, our management team will continue to bring professional medical beauty treatment to meet the increasing demand.

THE PRC OPERATION

For the six months ended 30 September 2013, revenue contributed from the PRC market eased by 5.3% to HK\$142.0 million, from HK\$149.9 million in the same period last year. With the government self-imposed macroeconomic discipline that led to softness in both domestic and external economies, the Group faced challenges in the PRC’s retail market. To counter this impact, we delegated more resources to further enhance



OPERATING
PROFIT
MARGIN 23%

CASH FROM
OPERATIONS
↑ 65%

EARNINGS
PER SHARE
HK4.2 CENTS

EARNINGS
PER SHARE
↑ 27%

DIVIDEND
PAYOUT
100%

NEW PRC
MEMBERS
↑ 48%

brand awareness with an aim to attract a broader base of clients. Some of such promotion were to offer generous discount on our slimming treatments and strategically capture more new customers to expand our member base. With all these efforts, we succeeded in attracting a significant number of new members. In the six months under review, the number of the PRC new members increased by 14,725 to over 80,000 members in total. The increase of new PRC members represented 47.9% when compared with the same period last year. Together with our rich medical background and advanced beauty technology, we are ready to lead the trend of non-invasive medical beauty treatments and instill our high standard of medical beauty service into our impressive clientele base.

Since August 2013, we commenced the operation of our first medical beauty clinic in Shenzhen, the PRC, which has received overwhelming responses from our existing clients. The sale of service packages from this medical clinic was very well-received, generating more than RMB2.8 million from our existing clientele base in the operation of the first two months. The Group will operate three more medical beauty clinics in Beijing, Shanghai and Guangzhou in coming six months and these three medical clinic will add impressive dynamic to our business.

FINANCIAL PERFORMANCE

REVENUE

The Group's revenue increased by 14.5% to HK\$233.1 million for the six months ended 30 September 2013, compared to HK\$203.6 million for the same period last year. Supported by our well-recognised brand, the Group still recorded a stable revenue growth overall.

MARKETING EXPENSES

Marketing expenses increased by HK\$2.9 million during the period, an increase of 7.4%, from HK\$39.1 million for the six months ended 30 September 2012 to HK\$42.0 million for the period under review. As a percentage of revenue, marketing expenses slightly decreased from 19.2% for the six months ended 30 September 2012 to 18.0% in the period under review.



OPERATING LEASE RENTALS

Operating lease rentals mainly related to the leased properties in the PRC, Hong Kong and Macau and are primarily incurred for the operations of service centres and office premises. Such service centres are located in prime commercial districts for effective market penetration. Operating lease rentals increased by HK\$1.9 million, or 7.9%, from HK\$23.9 million for the six months ended 30 September 2012 to HK\$25.8 million for the same period in 2013. During the period under review, the Group expanded the size of our service centres in Hong Kong and the PRC through leasing additional space in existing premises. Such expansion is aimed to meet our current clients' increased demand and enhance the future growth of the Group.

PROFIT AND MARGIN

Net profit increased by HK\$9.6 million from HK\$32.6 million to HK\$42.2 million for the six months ended 30 September 2012 and 2013 respectively. This represents a respective period-on-period increase of 29.5%. Net profit margin improved from 16.0% for the six months ended 30 September 2012 to 18.1% during the period under review. The improvement in net profit margin was mainly due to effectiveness on marketing strategy to boost up the sale and also strict control of operating expenses during the period under review. Basic earnings per share were HK4.2 cents (FY2012/13 interim: HK3.3 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 30 September 2013 was HK\$240.7 million (As at 31 March 2013: HK\$241.9 million). The Group generally finances its operation with internally generated cash flows. The Group had financial assets at fair value through profit or loss, bank and cash balance of approximately HK\$210.4 million (As at 31 March 2013: HK\$241.8 million), after payment of HK\$44.0 million final dividend for the year ended 31 March 2013. The Group's had no external bank borrowings as at 30 September 2013 (As at 31 March 2013: Nil). As at 30 September 2013, the Group had net current assets of approximately HK\$150.8 million (As at 31 March 2013: HK\$166.1 million).

Cash generated from operations in the six months ended 30 September 2013 was approximately HK\$40.4 million (FY2012/13 interim: HK\$24.4 million). With bank and cash balances presently on hand, the Group's liquidity position remains strong and has sufficient financial resources to finance its commitments and to meet its working capital requirements.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

As at 30 September 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

During the six months period ended 30 September 2013, there was no significant acquisition by the Group.

TREASURY POLICY

The Group adopts a prudent approach in treasury and investment activities. The Group's surplus funds are mainly held under fixed and saving deposits in renowned banks, principal protected investments as well as listed investment funds to enhance returns on the surplus funds. As at 30 September 2013, there was no financial asset at fair value through profit or loss of the Group (FY2012/13 interim: HK\$18.4 million representing approximately 6.8% of the surplus cash).

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2013, certain of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by bank deposits, property owned by Director and personal guarantee provided by Director as set out in Notes 14 and 19a to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values our employees and recognises the importance of retaining qualified staff to achieve continuous success. The Group had more than 820 employees as at 30 September 2013. During the period under review, total staff cost accounted for approximately 25.1% of the Group's revenue. Based on the performance and experiences of each employee, the Group's remuneration policy is in line with the prevailing market practices. We will constantly review staff remuneration package to maintain competitiveness in the labor market.

**IN FUTURE, WE ARE
JOINING HANDS TO
CREATE HISTORY,
BUILDING PERFECT
SHAPE TO A NEW
LEVEL OF SUCCESS.**

WE ARE EXTREMELY PLEASED WITH THE DIRECTION OF THE BUSINESS AND WE EXPECT 2014 TO BE YET ANOTHER RECORD YEAR.

PROSPECTS

Our prime objective is to become the largest premium slimming and medical beauty service provider in the PRC. Despite current macroeconomic headwinds, the affluent middle class population is rising rapidly in the PRC. With the increasing disposable income and spending power, middle class consumers are pursuing more sophisticated and professional beauty treatments to enrich life quality, and hence, have created great opportunities for premium medical beauty services providers. As customers in general are more cautious about the safety of beauty treatments, they tend to shift towards well-recognised brands. Our brand “Perfect Shape” is one of the well-recognised premium brands in the market, representing trustworthy professional services, which has given the Group a head start in the competition.

Looking ahead, we will focus to develop the medical beauty service line and further extend our geographical coverage in the PRC. To achieve such goals, the Group will continue to expand our brand coverage across the country by launching comprehensive marketing programs. The Group aims to devote more effort to develop our medical beauty service business under the brand name “Perfect Medical”, hence, to create synergy with the well-established slimming service offered under the “Perfect Shape” brand. In this way, we are able to capitalise on our extensive client base by encouraging them to experience our premium medical beauty services and thus boost the average spending per client.

In the period under review, the number of the PRC members increased significantly to over 80,000 members. The increase of new PRC member represented 47.9% when compared with the same period last year. The Group is ready to lead the trend of medical beauty treatments in the PRC. The sale of service packages from our first PRC’s medical clinic was very well-received, generating more than RMB2.8 million from our existing clientele base in the operation of the first two months. We are going to instill our high standard of medical beauty service to our loyal customers because customers trust recommendations from their friends and family more than any other form of advertising. We will continue to transform new members to our loyal customers and help us achieve our next milestone – becoming a leading slimming and medical beauty service provider in the PRC. In the upcoming six months, we will operate three more medical beauty clinics in Beijing, Shanghai and Guangzhou. With our experiences and excellent track record in the Hong Kong market, we believe that medical beauty service will soon become one of the major profit contributors in our business.

IN 2014, WE CONTINUE TO INVEST IN THE FUTURE. WE ENJOY ABUNDANT CASH FLOW DYNAMICS THAT ENABLE US TO EXPAND OUR SERVICE NETWORK AND TO PAY A HEALTHY DIVIDEND. IN ADDITION, WE WILL STRENGTHEN AND REPLICATE OUR SUCCESSFUL BUSINESS MODEL OF MEDICAL BEAUTY TO OUR PRC MARKET. WE ARE CONFIDENT THAT OUR PROVEN STRATEGIES AND OUR COMMITMENT TO FORWARD PLANNING WILL ENABLE PERFECT SHAPE TO CONTINUE TO DELIVER SUSTAINED GROWTH FOR THE COMING FISCAL YEAR AND BEYOND.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Note	Six months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	4	233,147	203,578
Other income	5	2,339	2,253
Other gains — net	6	509	442
Cost of inventories and consumables		(10,258)	(6,522)
Employee benefit expenses		(58,547)	(51,445)
Marketing expenses		(41,976)	(39,065)
Depreciation		(11,778)	(10,622)
Operating lease rentals		(25,818)	(23,945)
Other operating expenses		(33,450)	(33,302)
Operating profit		54,168	41,372
Finance income	7	1,936	1,873
Profit before income tax		56,104	43,245
Income tax expense	8	(13,910)	(10,654)
Profit for the period attributable to equity holders of the Company		42,194	32,591
Other comprehensive income/(loss): <i>Items that may not be subsequently reclassified to profit or loss</i>			
Currency translation differences		621	(185)
		621	(185)

		Six months ended 30 September	
		2013	2012
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<hr/>			
Total comprehensive income attributable to equity holders of the Company		42,815	32,406
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Earnings per share attributable to equity holders of the Company during the period			
	9		
— basic		HK4.2 cents	HK3.3 cents
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— diluted		HK4.2 cents	HK3.3 cents
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The notes on pages 15 to 25 form an integral part of this condensed consolidated interim financial information.

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2013

		30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	69,342	52,449
Deposits and prepayments		21,666	22,105
Deferred income tax assets		8,653	9,002
		99,661	83,556
Current assets			
Inventories		1,659	2,585
Trade receivables	12	20,769	19,371
Other receivables, deposits and prepayments		45,695	35,973
Financial assets at fair value through profit or loss		—	18,684
Term deposits with initial terms of over three months	13	97,404	58,137
Pledged bank deposits	14	12,477	55,548
Cash and cash equivalents	15	100,519	109,472
		278,523	299,770
Total assets		378,184	383,326
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	100,000	100,000
Share premium	16	91,748	91,748
Other reserves		5,876	5,255
Retained earnings		43,112	44,918
Total equity		240,736	241,921

		30 September	31 March
		2013	2013
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		7,208	5,710
Provision for reinstatement costs		2,499	1,998
		9,707	7,708
Current liabilities			
Provision for reinstatement costs		131	838
Trade payables	17	2,695	1,833
Accruals and other payables		36,402	35,958
Deferred revenue		76,531	79,168
Tax payable		11,982	15,900
		127,741	133,697
Total liabilities		137,448	141,405
Total equity and liabilities		378,184	383,326
Net current assets		150,782	166,073
Total assets less current liabilities		250,443	249,629

The notes on pages 15 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Unaudited					
	Capital and reserves attributable to equity holders of the Company					
	Share capital	Share premium	Statutory reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 16)	(Note 16)				
For the six months ended 30 September 2013						
As at 1 April 2013	100,000	91,748	3,208	2,047	44,918	241,921
Comprehensive income						
Profit for the period	—	—	—	—	42,194	42,194
Other comprehensive income						
Currency translation differences	—	—	—	621	—	621
Total comprehensive income for the period	—	—	—	621	42,194	42,815
Dividends (Note 10)	—	—	—	—	(44,000)	(44,000)
As at 30 September 2013	100,000	91,748	3,208	2,668	43,112	240,736
For the six months ended 30 September 2012						
As at 1 April 2012	100,000	91,748	2,425	862	25,686	220,721
Comprehensive income						
Profit for the period	—	—	—	—	32,591	32,591
Other comprehensive loss						
Currency translation differences	—	—	—	(185)	—	(185)
Total comprehensive income for the period	—	—	—	(185)	32,591	32,406
Dividends (Note 10)	—	—	—	—	(25,000)	(25,000)
As at 30 September 2012	100,000	91,748	2,425	677	33,277	228,127

The notes on pages 15 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	40,387	24,433
Net cash used in investing activities	(5,648)	(9,191)
Net cash used in financing activities	(44,000)	(25,000)
Net decrease in cash and cash equivalents	(9,261)	(9,758)
Cash and cash equivalents at the beginning of the period	109,472	205,684
Effect on foreign exchange	308	(422)
Cash and cash equivalents at the end of the period	100,519	195,504

The notes on pages 15 to 25 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General Information

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

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

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

This condensed consolidated interim financial information for the six months ended 30 September 2013 is unaudited and has been reviewed by the audit committee of the Company. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 28 November 2013.

2 Basis of Preparation and Accounting Policies

The Company has a financial year end date of 31 March. This condensed consolidated interim financial information for the six months ended 30 September 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2013, which was prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2013.

2 Basis of Preparation and Accounting Policies — continued

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2013, except as mentioned below.

(a) *Effect of adopting new standards, amendments, and interpretation to standards*

The following new standards, amendments to standards, and interpretation are mandatory for accounting periods beginning on or after 1 April 2013, the adoption of which does not have any significant impact to the results and financial position of the Group.

- HKAS 1 (Amendment) Presentation of Financial Statements
- HKAS 19 (2011) Employee Benefits
- HKAS 27 (2011) Separate Financial Statements
- HKAS 28 (2011) Investment in Associates and Joint Ventures
- HKFRS 1 (Amendment) Government Loans
- HKFRS 7 (Amendment) Disclosures — offsetting financial assets and financial liabilities
- HKFRS 10 Consolidated Financial Statements
- HKFRS 11 Joint Arrangements
- HKFRS 12 Disclosure of Interests in Other Entities
- HKFRS 13 Fair Value Measurements
- HKFRS 10, HKFRS 11, Consolidated Financial Statements, Joint and HKFRS 12 Arrangements and Disclosure of Interests in (Amendments) Other Entities: Transition Guidance
- Amendments to HKFRSs Annual Improvement to HKFRSs 2009–2011 Cycle
- HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine

2 Basis of Preparation and Accounting Policies — continued

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

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

- HKAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities¹
- HKAS 36 (Amendment) Recoverable amount disclosures for non-financial assets¹
- HKAS 39 (Amendment) Novation of derivatives and continuation of hedge accounting¹
- HKFRS 9 Financial Instruments²
- Additions to HKFRS 9 Financial Instruments — financial liabilities²
- HKFRS 7 (Amendments) Mandatory Effective Date of HKFRS 9 and Transition Disclosures²
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments) Investment Entities¹
- HK(IFRIC)-Int 21 Levies¹

¹ Changes effective for annual periods beginning on or after 1 April 2014

² Changes effective for annual periods beginning on or after 1 April 2015

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

3 Financial Risk Management

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

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013.

There have been no changes in the risk management policies since the year ended 31 March 2013.

4 Segment Information

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

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	88,014	49,900
The PRC	141,963	149,874
Macau	3,170	3,804
	233,147	203,578

4 Segment Information — continued

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

	As at 30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Hong Kong	54,253	33,727
The PRC	36,718	40,562
Macau	37	265
	91,008	74,554

5 Other Income

	Six months ended 30 September 2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Government subsidies	2,302	1,351
Others	37	902
	2,339	2,253

6 Other Gains — Net

	Six months ended 30 September 2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Gains on disposal of financial assets at fair value through profit or loss	483	442
Net exchange gain	26	—
Other gains — net	509	442

7 Finance Income

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	1,936	1,873

8 Income Tax Expense

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operated in the PRC are subject to PRC corporate income tax at the rate of 25% (2012: 25%). Companies established and operating in Macau is subject to Macao complementary tax at 9% on taxable income above MOP200,000 but below MOP300,000, and thereafter at a fixed rate at 12% for the six months ended 30 September 2012 and 2013.

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income taxation		
— Hong Kong profits tax	2,304	1,868
— PRC corporate income tax	9,474	7,435
— Macao complementary tax	230	236
Total current income taxation	12,008	9,539
Deferred taxation	1,902	1,115
	13,910	10,654

9 Earnings per Share

Basic

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	42,194	32,591
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	1,000,000	1,000,000
Basic earnings per share (HK cents per share)	4.2	3.3

Diluted

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

10 Dividends

At a meeting held on 28 June 2013, the directors recommended the payment of a final dividend for the year ended 31 March 2013 of HK4.4 cents (2012: HK2.5 cents) per ordinary share, totaling HK\$44,000,000 (2012: HK\$25,000,000), which was paid on 18 September 2013 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2013.

At a meeting held on 28 November 2013, the directors declared an interim dividend of HK4.3 cents (FY2012/13 interim: HK3.3 cents) per ordinary share, totaling HK\$43,000,000 (FY2012/13 interim: HK\$33,000,000). The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2014.

11 Property, Plant and Equipment

	Total HK\$'000
Net book amount as at 1 April 2013	52,449
Additions	28,413
Depreciation	(11,778)
Exchange differences	258
Net book amount as at 30 September 2013	69,342
Net book amount as at 1 April 2012	39,568
Additions	10,547
Depreciation	(10,622)
Disposals	(85)
Exchange differences	(111)
Net book amount as at 30 September 2012	39,297

12 Trade Receivables

The credit term of the Group's trade receivables generally range from 3 days to 90 days. The ageing analysis of trade receivables is as follows:

	As at 30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Less than 60 days	15,092	14,291
60 days to 90 days	1,237	1,805
Over 90 days	4,440	3,275
	20,769	19,371

The carrying amounts of trade receivables approximate their fair values.

13 Term Deposits with Initial Terms of over Three Months

As at 30 September 2013, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 3.1% (as at 31 March 2013: 3.25%).

13 Term Deposits with Initial Terms of over Three Months — continued

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

	As at 30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Hong Kong dollars	7,000	—
Chinese Renminbi	90,206	57,941
Macau Patacas	198	196
	97,404	58,137

14 Pledged Bank Deposits

As at 30 September 2013 and 31 March 2013, certain of the Group's bank deposits were pledged to a financial institution based in Hong Kong to secure certain banking facilities in respect of credit card and instalment sales arrangement. As at 30 September 2013, the balance is denominated in HK\$ and its weighted average effective interest rate is 0.87% (as at 31 March 2013: 1.09%).

15 Cash and Cash Equivalents

	As at 30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Cash at banks	100,034	84,978
Cash on hand	485	292
Term deposits with initial terms of less than three months	—	24,202
	100,519	109,472
Denominated in:		
Hong Kong dollars	29,891	66,976
Chinese Renminbi	69,599	40,925
Macau Patacas	414	1,571
United States dollars	615	—
	100,519	109,472

15 Cash and Cash Equivalents — continued

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

16 Share Capital and Share Premium

	Number of shares	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April and 30 September 2012	1,000,000,000	100,000	91,748	191,748
At 1 April and 30 September 2013	1,000,000,000	100,000	91,748	191,748

17 Trade Payables

Payment terms with majority of suppliers are on open account. Certain suppliers grant credit period ranging from 30 days to 180 days.

As at 30 September 2013, the ageing analysis of trade payables is as follows:

	As at 30 September 2013 HK\$'000 (Unaudited)	31 March 2013 HK\$'000 (Audited)
Less than 60 days	999	957
60 days to 120 days	768	199
Over 120 days	928	677
	2,695	1,833

The carrying amounts of trade payables approximate their fair values.

18 Commitments

The Group had the following capital commitments not provided for:

	As at	
	30 September	31 March
	2013	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	1,425	2,846

19 Related Party Transactions

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

- (a) During the period ended 30 September 2013, certain of Group's banking facilities in respect of credit card and installment sales arrangement were secured by pledged bank deposits (please refer to Note 14), pledges of real estate property owned by director and personal guarantee provided by director.
- (b) Details of key management compensations are disclosed as below:

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	4,950	1,950

20 Events after the Balance Sheet Date

There have been no significant events taken place subsequent to 30 September 2013 until the date of this interim financial information.

INTERIM DIVIDEND

The Board recommended a payment of an interim dividend of HK4.3 cents per share of the Company (the "Share") for the six months ended 30 September 2013 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company as at Monday, 23 December 2013. The proposed interim dividend will be paid on or around Monday, 13 January 2014.

OTHER INFORMATION

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months period ended 30 September 2013.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 19 December 2013 to Monday, 23 December 2013 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 December 2013.

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

As at 30 September 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 of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

(L): Long position

Notes:

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

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

Save as disclosed above, as at 30 September 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 six months ended 30 September 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 30 September 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 30 September 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.

Share Option Scheme

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

There is no option outstanding, granted, exercised, cancelled and lapsed during the six months ended 30 September 2013.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 September 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 is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the “CG Code”) throughout the six months ended 30 September 2013 except the code provision A.2.1 of the CG Code as disclosed below:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the six months ended 30 September 2013, Dr. Au-Yeung Kong has been both the chairman of the Board (the “Chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”); therefore, the Group does not at present separate the roles of the Chairman and the Chief Executive Officer.

Corporate Governance — continued

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

Audit Committee

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

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2013.

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 5 December 2011 with written terms of reference which were revised on 20 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and the remuneration packages of individual executive Directors and senior management include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

Remuneration Committee — continued

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

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) was established on 5 December 2011 with written terms of reference which were revised on 20 March 2012 and 25 June 2013 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company.

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

Pre-Emptive Rights

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

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

Hong Kong, 28 November 2013

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