



INTERIM REPORT 2014-15

Stock Code: 1830

必瘦 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)

A woman with short dark hair, smiling, wearing a red strapless dress, is positioned on the left side of the page. The background is dark with a large, semi-transparent red shape on the right side.

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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

MR. SO HIN LUNG
MS. AU-YEUNG WAI

REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL BANKERS

HONG KONG
THE BANK OF CHINA

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

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 2014, the Group recorded revenue of HK\$324.6 million, representing an increase of 39.2% from HK\$233.1 million in the same period last year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were HK\$105.9 million (FY2013/14 interim: HK\$65.9 million). Profit attributable to equity holders of the Company was HK\$71.2 million (FY2013/14 interim: HK\$42.2 million). Basic earnings per share amounted to HK6.5 cents as compared to HK4.2 cents for the previous period. The Board resolved to declare an interim dividend of HK5.8 cents (FY2013/14: HK4.3 cents) per share.

The Group mainly provides premium slimming and high technology beauty services in Hong Kong, Macau and the PRC.

Hong Kong and Macau Operation

During the period under review, revenue contributed from the Hong Kong and Macau markets recorded a promising surge of 82.2% to HK\$166.2 million, from HK\$91.2 million in the same period last year.

Apart from the traditional slimming services which the Group has offered since inception, it began to tap the high technology beauty segment in Hong Kong shortly after listing in 2012 and this business has started to bear fruits during the period under review. Targeted towards the middleclass, the Group's high technology beauty services delivered high profit margins.

Building on the success of the first mega centre in 18/F Langham Place opened in May 2014, another two mega centres in Causeway Bay and Mongkok were opened in July and August 2014 respectively, allowing even more customers to benefit from slimming and high technology beauty services.

With respect to the Macau market, we remain committed to build our presence in the enclave. During the period under review, our business has continued to enjoy satisfactory result.

We believe there are more potential to be unleashed from the market. With a rich medical background, our management team will continue to bring professional high technology beauty treatment to capture the increasing demand.

The PRC Operation

The Group has a strong network in the PRC. For the six months ended 30 September 2014, revenue contributed from the PRC market increased by 11.5% to HK\$158.4 million, from HK\$142.0 million in the same period last year.

As with previous marketing policy, the Group delegated more resources to further enhance brand awareness with an aim to attract a broader base of clients. The Group launched an "Affiliate program" to offer free beauty treatment to existing members for attracting new referred members. This program strategically aims to 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 12,000 to over 100,000 members in total. The increase of new PRC members represented 33% when compared with that of the same period last year. Together with our advanced beauty technology, we are ready to lead the trend of high technology beauty treatments into our clientele base.

The Group will incorporate high technology beauty units in the existing slimming service centres in China and these strategies will add impressive dynamic to our business.

FINANCIAL PERFORMANCE

Revenue

The Group's revenue increased by 39.2% to HK\$324.6 million for the six months ended 30 September 2014, compared to HK\$233.1 million for the same period last year. Supported by our well-recognised brand, the Group recorded a significant revenue growth overall. The growth was mainly driven by the increased average spending per customer due to the contribution of high technology beauty service.

Marketing Expenses

Marketing expenses decreased by 22.1% from HK\$42.0 million to HK\$32.7 million for the six months ended 30 September 2014. The decrease was due to launching a cost-effective "Affiliate program" for attracting new members.

Operating
Profit Margin
28%

Cash From
Operations
↑155%

Earnings
Per Share
HK\$6.5 Cents

Earnings
Per Share
↑55%

High
Dividend
Payout



*In Future, We Are Joining Hands
To Create History, Building Perfect Shape
To A New Level Of Success.*

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\$11.4 million, or 44.0%, from HK\$25.8 million for the six months ended 30 September 2013 to HK\$37.2 million for the same period in 2014.

Profit and Margin

Net profit increased by 68.7% from HK\$42.2 million to HK\$71.2 million for the six months ended 30 September 2013 and 2014 respectively. Net profit margin improved from 18.1% for the six months ended 30 September 2013 to 21.9% during the period under review. The improvement in net profit margin was mainly due to the contribution from higher profit margin of beauty services and cost-effective marketing policy during the period under review. Basic earnings per share were HK6.5 cents (FY2013/14 interim: HK4.2 cents).

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 September 2014 was HK\$501.9 million (as at 31 March 2014: HK\$238.4 million). The Group generally finances its operation with internally generated cash flows. The Group had bank and cash balance of approximately HK\$416.2 million (as at 31 March 2014: HK\$213.9 million), after payment of HK\$43.0 million final dividend for the year ended 31 March 2014. The Group had no external bank borrowings as at 30 September 2014 (as at 31 March 2014: Nil). As at 30 September 2014, the Group had net current assets of approximately HK\$329.3 million (as at 31 March 2014: HK\$158.8 million).

Cash generated from operations in the six months ended 30 September 2014 was approximately HK\$103.1 million (FY2013/14 interim: HK\$40.4 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 2014, 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 ended 30 September 2014, 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 2014, there was no financial asset at fair value through profit or loss of the Group (FY2013/14 interim: Nil).

Charges on the Group's Assets

As at 30 September 2014, some 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 1,095 employees as at 30 September 2014. During the period under review, total staff cost accounted for approximately 29.4% 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 its competitiveness in the labor market.



We Are Extremely Pleased With The Direction Of The Business
And We Expect 2015 To Be Yet Another Record Year.

PROSPECTS

Our prime objective is to become the largest premium slimming and high technology beauty service provider in the PRC. Since 2003 the Company has walked with numerous members in the quest of beauty. From our first slimming and beauty centre in Mongkok opened eleven 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. As customers in general are more cautious about the safety of beauty treatments, they tend to shift towards well-recognized brands. Our brand "Perfect Shape" is one of the most well-recognized premium brands in the market, representing trustworthy professional services, which has given the Group a head start in face of competition.

We have captured meaningful trends of high technology beauty services. With the medical knowledge of our management, selected non-invasive result-driven high technology beauty treatments have been introduced. During the period under review, the Company provided high technology beauty services. The increasing focus on high technology beauty services has not only brought us significant increase on profitability but also sustained our growth as well as safeguarded the goodwill of "Perfect Shape".

During the period under review, the Company has sought to further strengthen its relationship with customers, and to be in touch with their personal needs, with an ultimate goal to provide services that go beyond their expectations. As the Company continues to grow and prosper, we have been closely scrutinizing market trends. As we seek to provide our customers with all of their health and beauty needs under one roof, we have started to create mega service centres, allowing us to better serve our customers, as well as enabling us to centralize personnel, equipment and resources, resulting in greater efficiency and economies of scale.

While the Group's development in Hong Kong remains promising, its prospects in the PRC show even greater promise. With an increasingly large number of people who are obese, and generally more and more individuals who are overweight, the need for slimming services will continue to rise. And given that there is a growing middleclass, particularly women who care about their appearance, the demand for beauty and slimming services will further grow. In view of such trends, the Group will continue to replicate the success of its Hong Kong business model to the PRC market, and thereby provide one-stop services to local customers. This will allow the Group to further expand its customer base, enhance spending per customer and move it one step closer towards its goal of becoming the largest premium slimming and high technology beauty services provider in Mainland China.

Management believes that high technology beauty is a trend that will continue to grow, the Group's mega centres will be able to capitalise on this trend, leading to further rise in revenue and profit. In addition, slimming and high technology beauty market in Hong Kong and China will continue to be underpinned by strong demand as a larger portion of population moves up the economic ladder.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Note	Six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	4	324,570	233,147
Other income	5	2,377	2,339
Other (losses)/gains — net	6	(159)	509
Cost of inventories and consumables		(6,762)	(10,258)
Employee benefit and manpower service expenses		(95,501)	(58,547)
Marketing expenses		(32,733)	(41,976)
Depreciation		(15,099)	(11,778)
Operating lease rentals		(37,173)	(25,818)
Other operating expenses		(48,758)	(33,450)
Operating profit		90,762	54,168
Finance income	7	3,043	1,936
Profit before income tax		93,805	56,104
Income tax expense	8	(22,635)	(13,910)
Profit for the period attributable to equity holders of the Company		71,170	42,194
Other comprehensive (loss)/income:			
Currency translation differences		(163)	621

		Six months ended 30 September	
		2014	2013
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<hr/>			
Total comprehensive income attributable to equity holders of the Company		71,007	42,815
<hr/>			
Earnings per share attributable to equity holders of the Company during the period			
	9		
— basic		HK6.5 cents	HK4.2 cents
<hr/>			
— diluted		HK6.5 cents	HK4.2 cents
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The notes on pages 15 to 26 form an integral part of this condensed consolidated interim financial information.

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2014

	Note	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	141,264	62,620
Deposits and prepayments		34,853	19,685
Deferred income tax assets		6,944	6,900
		183,061	89,205
Current assets			
Inventories		1,839	3,044
Trade receivables	12	53,638	35,986
Other receivables, deposits and prepayments		41,212	43,838
Term deposits with initial terms of over three months	13	139,382	22,826
Pledged bank deposits	14	12,187	12,178
Cash and cash equivalents	15	264,650	178,902
		512,908	296,774
Total assets		695,969	385,979
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	113,042	100,000
Share premium	16	314,926	91,748
Other reserves		8,228	7,910
Retained earnings		65,724	38,694
Total equity		501,920	238,352

		30 September	31 March
		2014	2014
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		8,525	8,586
Provision for reinstatement costs		1,866	1,081
		10,391	9,667
Current liabilities			
Provision for reinstatement costs		388	486
Trade payables	17	1,665	1,379
Accruals and other payables		41,031	41,093
Deferred revenue		112,005	78,876
Tax payables		28,569	16,126
		183,658	137,960
Total liabilities		194,049	147,627
Total equity and liabilities		695,969	385,979
Net current assets		329,250	158,814
Total assets less current liabilities		512,311	248,019

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Unaudited						
	Equity attributable to equity holders of the Company						
	Share capital	Share premium	Share repurchase reserve	Statutory reserve	Exchange reserve	Retained earnings	Total
HK\$'000 (Note 16)	HK\$'000 (Note 16)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the six months ended							
30 September 2014							
As at 1 April 2014	100,000	91,748	—	5,456	2,454	38,694	238,352
Comprehensive income							
Profit for the period	—	—	—	—	—	71,170	71,170
Other comprehensive loss							
Currency translation differences	—	—	—	—	(163)	—	(163)
Total comprehensive income for the period	—	—	—	—	(163)	71,170	71,007
Total transactions with owners, recognised directly in equity							
Placing of shares	13,300	227,638	—	—	—	—	240,938
Repurchase of shares	(258)	(4,460)	(690)	—	—	—	(5,408)
Dividends (Note 10)	—	—	—	—	—	(42,969)	(42,969)
Transfer to statutory reserve	—	—	—	1,171	—	(1,171)	—
	13,042	223,178	(690)	1,171	—	(44,140)	192,561
As at 30 September 2014	113,042	314,926	(690)	6,627	2,291	65,724	501,920
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
Total transactions with owners, recognised directly in equity							
Dividends (Note 10)	—	—	—	—	—	(44,000)	(44,000)
As at 30 September 2013	100,000	91,748	—	3,208	2,668	43,112	240,736

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended 30 September 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash generated from operating activities	103,053	40,387
Net cash used in investing activities	(209,684)	(5,648)
Net cash generated from/(used in) financing activities	192,561	(44,000)
Net increase/(decrease) in cash and cash equivalents	85,930	(9,261)
Cash and cash equivalents at the beginning of the period	178,902	109,472
Effect on foreign exchange	(182)	308
Cash and cash equivalents at the end of the period	264,650	100,519

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General Information

Perfect Shape (PRC) Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of slimming and high technology 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 2014 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 18 November 2014.

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 2014 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 2014, 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 2014.

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 2014, except as mentioned below.

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

The following amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1 April 2014, the adoption of which does not have any significant impact to the results and financial position of the Group.

HKAS 32 (amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendments)	Consolidation for investment entities
HK(IFRIC) — Int 21	Levies

2 Basis of Preparation and Accounting Policies — continued

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

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

HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation ⁽²⁾
HKAS 16 and HKAS 41 (amendment)	Agriculture: bearer plants ⁽²⁾
HKAS 19 (2011) (amendment)	Defined benefit plans ⁽¹⁾
HKAS 27 (amendment)	Equity method in separate financial statements ⁽²⁾
HKFRS 7 and 9 (amendment)	Mandatory effective date and transition disclosures ⁽⁴⁾
HKFRS 9	Financial instruments ⁽⁴⁾
HKFRS 10 and HKAS 28 (amendments)	Sale or contribution of assets between an investor and its associates or joint ventures ⁽²⁾
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations ⁽²⁾
HKFRS 14	Regulatory deferral accounts ⁽²⁾
HKFRS 15	Revenue from contracts with customers ⁽³⁾
Amendment to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁽¹⁾
Amendment to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ⁽¹⁾
Amendment to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ⁽²⁾

⁽¹⁾ Changes effective for annual period beginning on 1 April 2015

⁽²⁾ Changes effective for annual period beginning on 1 April 2016

⁽³⁾ Changes effective for annual period beginning on 1 April 2017

⁽⁴⁾ Changes effective for annual period beginning on 1 April 2018

The directors are currently assessing the impact of the adoption of the new standards and amendments to standards and are not yet in the position to comment on the impact to 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 2014.

There have been no changes in the risk management policies since the year ended 31 March 2014.

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 high technology 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 was derived from the following regions:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	160,903	88,014
The PRC	158,352	141,963
Macau	5,315	3,170
	324,570	233,147

4 Segment Information — continued

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

	As at 30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Hong Kong	150,320	49,965
The PRC	25,784	32,326
Macau	13	14
	176,117	82,305

5 Other Income

	Six months ended 30 September 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Government subsidies	2,356	2,302
Others	21	37
	2,377	2,339

6 Other (Losses)/Gains — Net

	Six months ended 30 September 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Gains on disposal of financial assets at fair value through profit or loss	—	483
Net exchange (losses)/gains	(159)	26
Other (losses)/gains — net	(159)	509

7 Finance Income

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	3,043	1,936

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% (2013: 16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% (2013: 25%). Companies established and operating in Macau is subject to Macau 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 2013 and 2014.

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

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income taxation		
— Hong Kong profits tax	5,651	2,304
— PRC corporate income tax	13,847	9,474
— Macau complementary tax	409	230
Total current income taxation	19,907	12,008
Deferred taxation	2,728	1,902
	22,635	13,910

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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	71,170	42,194
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	1,098,787	1,000,000
Basic earnings per share (HK cents per share)	6.5	4.2

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 30 June 2014, the directors recommended the payment of a final dividend for the year ended 31 March 2014 of HK3.8 cents (2013: HK4.4 cents) per ordinary share, totaling HK\$42,969,000 (2013: HK\$44,000,000), which was paid on 18 September 2014 and has been reflected as an appropriation of retained earnings for the six months ended 30 September 2014.

At a meeting held on 18 November 2014, the directors declared an interim dividend of HK5.8 cents (FY2013/14 interim: HK4.3 cents) per ordinary share, totaling HK\$65,519,000 (FY2013/14 interim: HK\$43,000,000). 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 2015.

11 Property, Plant and Equipment

	Total HK\$'000
Net book amount as at 1 April 2014	62,620
Additions	93,704
Depreciation	(15,099)
Exchange differences	39
Net book amount as at 30 September 2014	141,264
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

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 by the dates on which the relevant invoices are issued is as follows:

	As at 30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Less than 60 days	44,333	31,899
60 days to 90 days	3,748	1,350
Over 90 days	5,557	2,737
	53,638	35,986

The carrying amounts of trade receivables approximate their fair values.

13 Term Deposits with Initial Terms of over Three Months

As at 30 September 2014, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 2.7% (as at 31 March 2014: 2.7%).

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

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

	As at 30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Hong Kong dollars	41,035	—
Chinese Renminbi	98,147	22,626
Macau Patacas	200	200
	139,382	22,826

14 Pledged Bank Deposits

As at 30 September 2014 and 31 March 2014, certain of the Group's bank deposits were pledged to financial institutions based in Hong Kong to secure banking facilities in respect of credit card and instalment sales arrangement. As at 30 September 2014, the weighted average effective interest rate of these deposits is 1.09% (as at 31 March 2014: 0.92%).

15 Cash and Cash Equivalents

	As at 30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Cash at banks	70,387	90,937
Cash on hand	490	443
Term deposits with initial terms of less than three months	193,773	87,522
	264,650	178,902
Denominated in:		
Hong Kong dollars	132,852	19,200
Chinese Renminbi	127,419	156,933
Macau Patacas	4,379	2,068
United States dollars	—	701
	264,650	178,902

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 Hong Kong and 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 2013	1,000,000,000	100,000	91,748	191,748
At 1 April 2014	1,000,000,000	100,000	91,748	191,748
Placing of shares (Note a)	133,000,000	13,300	227,638	240,938
Repurchase of shares (Note b)	(2,584,000)	(258)	(4,460)	(4,718)
At 30 September 2014	1,130,416,000	113,042	314,926	427,968

Note:

- (a) During the six months ended 30 September 2014, the Company issued and allotted 75,000,000 and 58,000,000 new shares of HK\$0.1 each to Fidelity Investment Trust: Fidelity China Region Fund and Value Partners Hong Kong Limited respectively. The premium on the issue of shares, amounting to approximately HK\$227,638,000, net of share issuance costs, was credited to the Company's share premium account.

16 Share Capital and Share Premium — continued

- (b) During the six months ended 30 September 2014, the Company repurchased a total of 3,000,000 ordinary shares of HK\$0.1 each of the Company on the Stock Exchange. 2,584,000 shares were cancelled during the period and accordingly the issued capital of the Company was reduced by the nominal value of these shares. The premiums on repurchase were charged against the share premium. The number of issued shares of the Company was 1,130,416,000 and the remaining 416,000 repurchased shares were pending for cancellation by the Company until 8 October 2014. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid HK\$*
		Highest HK\$	Lowest HK\$	
July 2014	2,236,000	1.90	1.78	4,111,280
August 2014	348,000	1.75	1.72	606,800
September 2014	416,000	1.74	1.64	689,960
	3,000,000			5,408,040

* Excluding brokerage and cancellation fees

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 2014, the ageing analysis of trade payables on invoice date is as follows:

	As at 30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Less than 60 days	312	207
60 days to 120 days	362	12
Over 120 days	991	1,160
	1,665	1,379

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
	2014	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	5,508	8,967

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 2014, 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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	4,950	4,950

20 Events after the Balance Sheet Date

There have been no significant events taken place subsequent to 30 September 2014 until the date of this interim financial information.

INTERIM DIVIDEND

The Board recommended a payment of an interim dividend of HK5.8 cents per share of the Company (the “Share”) for the six months ended 30 September 2014 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company as at Friday, 12 December 2014. The proposed interim dividend will be paid on or around Friday, 2 January 2015.

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 2014.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 9 December 2014 to Friday, 12 December 2014 (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 registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 December 2014.

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 2014, 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	Beneficial Owner	3,000,000 (L)	0.27%
Dr. Au-Yeung Kong	Interest of Controlled Corporation (Note)	700,000,000 (L)	61.92%
Ms. Au-Yeung Wai	Interest of Controlled Corporation (Note)	700,000,000 (L)	61.92%
Ms. Au-Yeung Hung	Interest of Controlled Corporation (Note)	700,000,000 (L)	61.92%

(L): Long position

Note:

The 700,000,000 Shares are held by Sure Sino Investments Limited, among which 137,500,000 Shares are held through its wholly-owned subsidiary Market Event Holdings Limited and 180,000,000 Shares are held through its wholly-owned subsidiary Earlsong Holdings Limited, respectively. Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung beneficially own the entire issued share capital of Sure Sino Investments Limited. By virtue of the SFO, Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung are deemed to be interested in the 700,000,000 Shares held by Sure Sino Investments 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 2014 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 2014 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).

Competing Interest

During the period under review and last financial year, none of the Directors, management shareholders and substantial shareholders of the Company, or their respective associate (as defined in the Listing Rules) had any interest in any business which compete or may cooperate with the business of the Group.

During the period under review and last financial year, confirmations were provided by or obtained from the Directors and the Controlling Shareholders to ensure that none of them was engaged in the competing business. The Directors and the Controlling Shareholders had participated in training or reading materials to understand their obligation with respect to the competing business. The independent non-executive Directors also reviewed the Controlling Shareholders' compliance with the non-competition undertakings.

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

As at 30 September 2014, other than the interests of certain Directors and chief executives 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)	33.84%
Sure Sino Investments Limited	Interest of Controlled Corporation (Note)	317,500,000 (L)	28.08%
Market Event Holdings Limited	Beneficial Owner	137,500,000 (L)	12.16%
Earlson Holdings Limited	Beneficial Owner	180,000,000 (L)	15.92%
Value Partners Hong Kong Limited	Investment Manager	75,332,000 (L)	6.66%
Fidelity Investment Trust: Fidelity China Region Fund	Investment Manager	63,540,000 (L)	5.62%

(L): Long position

Note:

Sure Sino Investments Limited beneficially owns the entire issued share capital of Earlson Holdings Limited and Market Event Holdings Limited. By virtue of the SFO, Sure Sino Investments Limited is deemed to be interested in the 180,000,000 Shares held by Earlson Holdings Limited and 137,500,000 Shares held by Market Event Holdings Limited, respectively.

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

Save as disclosed above, as at 30 September 2014, the Directors were not aware of any other person (other than the Directors and chief executives 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 2014.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 September 2014, the Company repurchased a total of 3,000,000 ordinary shares of HK\$0.1 each of the Company on the Stock Exchange. 2,584,000 shares were cancelled during the period and the remaining 416,000 repurchased shares were pending for cancellation by the Company until 8 October 2014. The number of issued shares of the Company as of 30 September 2014 including the uncanceled repurchased shares was 1,130,416,000. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid HK\$*
		Highest	Lowest	
		HK\$	HK\$	
July 2014	2,236,000	1.90	1.78	4,111,280
August 2014	348,000	1.75	1.72	606,800
September 2014	416,000	1.74	1.64	689,960
	3,000,000			5,408,040

* Excluding brokerage and cancellation fees

In addition, 75,000,000 placing shares and 58,000,000 placing shares have been successfully placed to Fidelity Investment Trust: Fidelity China Region Fund and Value Partners Hong Kong Limited on 28 April 2014 and 10 June 2014 respectively.

Save as disclosed above, during the six months ended 30 September 2014, 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 2014 except the code provision A.2.1 of the CG Code as disclosed below:

Corporate Governance — continued

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 2014, 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.

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 2014.

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.

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, 18 November 2014

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.