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PERFECT SHAPE BEAUTY TECHNOLOGY LIMITED

必瘦站美容科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1830)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

HIGHLIGHTS

- Group's total revenue increased by 9.5% to HK\$412.3 million
- Group's earning before interest, tax, depreciation and amortisation increased by 57.9% to HK\$141.6 million
- Group's net cash from operations increased by 46.1% to HK\$144.4 million
- Group's net profit increased by 115.0% to HK\$81.9 million
- Basic earnings per share were 7.6 HK cents

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Perfect Shape Beauty Technology Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2017. The interim results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Note	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	412,268	376,387
Other income	5	2,130	1,681
Other gains/(losses) — net	6	8,535	(2,831)
Cost of inventories and consumables		(6,428)	(7,083)
Employee benefit and manpower service expenses		(130,348)	(130,240)
Marketing expenses		(40,781)	(36,506)
Depreciation		(40,312)	(43,176)
Operating lease rentals		(52,323)	(58,283)
Other operating expenses		(51,462)	(53,472)
Operating profit		101,279	46,477
Finance income	7	1,341	2,214
Profit before income tax		102,620	48,691
Income tax expense	8	(20,675)	(10,619)
Profit for the period attributable to equity holders of the Company		81,945	38,072
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of available-for-sale financial asset		4,368	—
Fair value (gain)/loss recycled to profit or loss upon disposal of relevant financial assets		(1,194)	7,805
Currency translation differences		(376)	(1,609)
Total comprehensive income for the period attributable to equity holders of the Company		84,743	44,268
Earnings per share attributable to equity holders of the Company during the period	9		
— basic		HK7.6 cents	HK3.4 cents
— diluted		HK7.6 cents	HK3.4 cents

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2017

		30 September 2017	31 March 2017
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	160,698	184,816
Available-for-sale financial assets	12	59,723	52,358
Deposits and prepayments		31,242	31,826
Deferred income tax assets		11,808	10,651
		<u>263,471</u>	<u>279,651</u>
Current assets			
Inventories		2,677	1,267
Trade receivables	13	104,982	63,522
Other receivables, deposits and prepayments		42,750	46,417
Tax recoverables		10,066	19,876
Term deposits with initial terms of over three months	14	70,206	206
Pledged bank deposits	15, 20	29,117	28,056
Cash and cash equivalents	16	226,199	298,994
		<u>485,997</u>	<u>458,338</u>
Total assets		<u>749,468</u>	<u>737,989</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	107,321	109,391
Share premium	17	214,842	280,533
Other reserves		19,966	12,521
Retained earnings		83,582	51,277
Total equity		<u>425,711</u>	<u>453,722</u>

		30 September 2017	31 March 2017
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		19,143	18,020
Provision for reinstatement costs		6,757	7,030
		25,900	25,050
Current liabilities			
Provision for reinstatement costs		2,515	2,242
Trade payables	18	808	776
Accruals and other payables		67,078	65,450
Deferred revenue		202,482	173,287
Tax payable		24,974	17,462
		297,857	259,217
Total liabilities		323,757	284,267
Total equity and liabilities		749,468	737,989
Net current assets		188,140	199,121
Total assets less current liabilities		451,611	478,772

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Unaudited								
	Equity attributable to equity holders of the Company								
	Share capital HK\$'000 (Note 17)	Share premium HK\$'000 (Note 17)	Statutory reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Share-based compensation reserve HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
For the six months ended 30 September 2017									
As at 1 April 2017	109,391	280,533	9,627	3,909	(7,923)	5,714	1,194	51,277	453,722
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	81,945	81,945
Other comprehensive income									
Currency translation differences	—	—	—	—	(376)	—	—	—	(376)
Available-for-sale financial assets									
— Fair value gains recycled to profit or loss upon disposal of the relevant financial assets	—	—	—	—	—	—	(1,194)	—	(1,194)
— Fair value gains	—	—	—	—	—	—	4,368	—	4,368
Total comprehensive income for the period	—	—	—	—	(376)	—	3,174	81,945	84,743
Total transactions with owners, recognised directly in equity									
Repurchase and cancellation of ordinary shares	(2,070)	(11,733)	—	2,070	—	—	—	—	(11,733)
Dividends (Note 10)	—	(53,958)	—	—	—	—	—	(49,640)	(103,598)
Share option scheme — value of employment services	—	—	—	—	—	2,577	—	—	2,577
	(2,070)	(65,691)	—	2,070	—	2,577	—	(49,640)	(112,754)
As at 30 September 2017	<u>107,321</u>	<u>214,842</u>	<u>9,627</u>	<u>5,979</u>	<u>(8,299)</u>	<u>8,291</u>	<u>4,368</u>	<u>83,582</u>	<u>425,711</u>
For the six months ended 30 September 2016									
As at 1 April 2016	112,200	302,016	6,997	1,100	(4,041)	1,483	(7,805)	55,377	467,327
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	38,072	38,072
Other comprehensive income									
Currency translation differences	—	—	—	—	(1,609)	—	—	—	(1,609)
Fair value loss recycled to profit or loss upon disposal of relevant financial assets	—	—	—	—	—	—	7,805	—	7,805
Total comprehensive income for the period	—	—	—	—	(1,609)	—	7,805	38,072	44,268
Total transactions with owners, recognised directly in equity									
Dividends (Note 10)	—	—	—	—	—	—	—	(54,978)	(54,978)
Share option scheme — value of employment services	—	—	—	—	—	2,617	—	—	2,617
	—	—	—	—	—	2,617	—	(54,978)	(52,361)
As at 30 September 2016	<u>112,200</u>	<u>302,016</u>	<u>6,997</u>	<u>1,100</u>	<u>(5,650)</u>	<u>4,100</u>	<u>—</u>	<u>38,471</u>	<u>459,234</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2017*

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	144,379	98,822
Net cash (used in)/generated from investing activities	(101,537)	6,207
Net cash used in financing activities	(115,331)	(54,978)
Net (decrease)/increase in cash and cash equivalents	(72,489)	50,051
Cash and cash equivalents at the beginning of the period	298,994	234,926
Effect on foreign exchange	(306)	(297)
Cash and cash equivalents at the end of the period	<u>226,199</u>	<u>284,680</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Perfect Shape Beauty Technology Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of slimming and high technology beauty services 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 (the “Stock Exchange”) 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 2017 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 30 November 2017.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its major subsidiaries.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 March 2017 (“2017 Financial Statements”) which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2017 Financial Statements except for the adoption of new accounting policies as a result of applying the new or revised HKFRSs as set out below.

Adoption of new or revised HKFRSs and HKASs

(a) Adoption of new or revised HKFRSs and HKASs effective on 1 April 2017

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period and relevant to the Group:

HKAS 1 (Amendment)	The Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements 2012–2014 Cycle	Improvements to HKFRSs

The application of the above new or revised HKFRSs and HKASs has no material effect on the Group's results and financial position.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 7	Disclosure Initiative ¹
HKAS 7 (Amendment)	Statement of Cash Flows ¹
HKAS 12 (Amendment)	Income Taxes ¹
HKAS 40 (Amendment)	Transfers of Investment Property ²
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ²
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 ²
Annual Improvements Project (Amendment)	Annual Improvements 2014–2016 Cycle ²
HKFRS 16	Leases ³
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application.

Accounting estimates and assumptions are used in the preparation of financial statements.

Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately be different from those estimates and assumptions. In preparing these interim financial statements, 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 2017 Financial Statements.

(c) *Equity-settled share-based payment transactions*

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(d) *Available-for-sale financial assets*

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

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

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

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

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 2017.

There has been no changes in the risk management policies since the year ended 31 March 2017.

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, 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.

In light of effective management of the Group's business, the segment information previously presented by geographic locations under "The PRC" and "Macau" have been combined as "The PRC and Macau" from 1 April 2017 onwards, both in the internal management reports adopted by the Group's chief operating decision-makers, and in the consolidated financial statements of the Group. The comparative figures have also been reclassified to conform to the new presentation. The above changes in segment information were adopted to better reflect the current operations of the Group, as well as the resource allocation and future business developments of the Group.

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	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	260,942	233,980
The PRC and Macau	151,326	142,407
	412,268	376,387

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

	As at	
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	156,428	174,439
The PRC and Macau	35,512	42,203
	191,940	216,642

5 OTHER INCOME

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies	1,604	1,146
Others	526	535
	<u>2,130</u>	<u>1,681</u>

6 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Losses on disposal of property, plant and equipment	(1,280)	(139)
Net exchange gains/(losses)	13	(2,995)
Gain on disposal of available-for-sales financial assets	9,802	303
	<u>8,535</u>	<u>(2,831)</u>

7 FINANCE INCOME

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income on bank deposits	1,341	2,214

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% (2016: 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% (2016: 25%). Companies established and operating in Macau are subject to Macau complementary tax, under which taxable income of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the six months ended 30 September 2016 and 2017.

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

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income taxation		
— Hong Kong	6,873	2,083
— PRC and Macau	12,793	7,662
Total current income taxation	19,666	9,745
Deferred taxation	1,009	874
	<u>20,675</u>	<u>10,619</u>

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	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	<u>81,945</u>	<u>38,072</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	<u>1,081,395</u>	<u>1,122,000</u>
Basic earnings per share (HK cents per share)	<u>7.6</u>	<u>3.4</u>

Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as the exercise of the Group's outstanding share options granted would be anti-dilutive during the period.

10 DIVIDENDS

At a meeting held on 30 June 2017, the Directors recommended the payment of a final dividend for the year ended 31 March 2017 of HK4.6 cents (2016: HK4.9 cents) per ordinary share and a special final dividend of HK5.0 cents (2016: HK Nil) per ordinary share, totaling HK\$103,598,000 (2016: HK\$54,978,000), which was paid on 8 September 2017 and has been reflected as an appropriation of retained earnings and share premium for the six months ended 30 September 2017.

At a meeting held on 30 November 2017, the Directors declared an interim dividend of HK7.6 cents (FY2016/17 interim: HK3.4 cents) per ordinary share, totaling HK\$81,554,000 (FY2016/17 interim: HK\$38,072,000). 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 2018.

11 PROPERTY, PLANT AND EQUIPMENT

	Total <i>HK\$'000</i>
Net book amount as at 1 April 2017	184,816
Additions	21,316
Disposal	(5,052)
Depreciation	(40,312)
Exchange differences	(70)
Net book amount as at 30 September 2017	<u>160,698</u>
 Net book amount as at 1 April 2016	 229,161
Additions	29,450
Depreciation	(43,176)
Exchange differences	(1,312)
Net book amount as at 30 September 2016	<u>214,123</u>

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Listed equity security in Hong Kong	23,540	52,358
Unit trusts held by banks (<i>Note 20</i>)	36,183	—
	<u>59,723</u>	<u>52,358</u>

The movements in available-for-sale investments are summarised as follows:

	<i>HK\$'000</i>
At 1 April 2016 (audited)	37,934
Additions	51,164
Disposal	(45,739)
Net fair value changes	8,999
As at 31 March 2017 (audited)	52,358
Additions	55,355
Disposal	(52,358)
Net fair value changes	4,368
As at 30 September 2017 (unaudited)	<u>59,723</u>

13 TRADE RECEIVABLES

The credit term of the Group's trade receivables generally range from 3 days to 270 days. The ageing analysis of trade receivables by the dates on which the relevant invoices are issued is as follows:

	As at	
	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Less than 60 days	54,643	55,681
60 days to 90 days	20,072	5,110
Over 90 days	30,267	2,731
	<u>104,982</u>	<u>63,522</u>

The carrying amounts of trade receivables approximate their fair values.

14 TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

As at 30 September 2017, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 1.04% (as at 31 March 2017: 0.85%).

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

	As at	
	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
HK\$	70,000	—
Macau Patacas	206	206
	<u>70,206</u>	<u>206</u>

15 PLEDGED BANK DEPOSITS

As at 30 September 2017 and 31 March 2017, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits as set out in Note 20. As at 30 September 2017, the weighted average effective interest rate of these pledged bank deposits is 0.36% (as at 31 March 2017: 0.65%).

16 CASH AND CASH EQUIVALENTS

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Cash at banks	160,629	180,460
Cash on hand	737	1,002
Term deposits with initial terms of less than three months	64,833	117,532
	<u>226,199</u>	<u>298,994</u>
Denominated in:		
Hong Kong dollars	79,988	135,422
Chinese Renminbi	140,587	152,835
Macau Patacas	5,543	9,531
United States dollars	81	1,206
	<u>226,199</u>	<u>298,994</u>

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 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.

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2017	<u>1,093,908</u>	<u>109,391</u>	<u>280,533</u>	<u>389,924</u>
Cancellation of shares (<i>Note</i>)	(20,700)	(2,070)	(11,733)	(13,803)
Special dividend paid	—	—	(53,958)	(53,958)
At 30 September 2017	<u>1,073,208</u>	<u>107,321</u>	<u>214,842</u>	<u>322,163</u>

Note: During the six months ended 30 September 2017, the Company repurchased a total of 14,792,000 ordinary shares of HK\$0.1 each of the Company on the Stock Exchange and cancelled 20,700,000 ordinary shares. Among the cancelled shares, 5,908,000 shares were repurchased in March 2017. 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. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased '000	Purchase price paid per share Highest <i>HK\$</i>	Lowest <i>HK\$</i>	Aggregate consideration paid <i>HK\$'000*</i>
April 2017	6,440	0.81	0.76	5,009
May 2017	2,404	0.84	0.77	1,968
August 2017	4,660	0.81	0.79	3,726
September 2017	1,288	0.80	0.80	1,030
	<u>14,792</u>			<u>11,733</u>

* Excluding brokerage and cancellation fees

18 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 2017, the ageing analysis of trade payables based on invoice date is as follows:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Less than 60 days	421	186
60 days to 120 days	5	3
Over 120 days	382	587
	<u>808</u>	<u>776</u>

The carrying amounts of trade payables approximate their fair values.

19 COMMITMENTS

The Group had the following capital commitments not provided for:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	<u>7,521</u>	<u>1,024</u>

20 PLEDGE OF ASSETS

During the period ended 30 September 2017, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of each reporting period is as follows:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Bank deposits (<i>note 15</i>)	29,117	28,056
Unit trusts held by banks (<i>note 12</i>)	36,183	—
	<u>65,300</u>	<u>28,056</u>

21 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 2017, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits and unit trusts held by banks as set out in Note 12, 15 and 20. At 30 September 2016, except from the pledged bank deposits, a property owned by a Director and personal guarantee provided by a director were also pledged to secure banking facilities for the Group.
- (b) Details of key management compensations are disclosed as below:

	Six months ended 30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries and other benefits	4,980	4,980
Share-based payment	2,577	2,617
	<u>7,557</u>	<u>7,597</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Perfect Shape Beauty Technology Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) mainly provides premium slimming and high technology beauty services in Hong Kong, Macau and the People’s Republic of China (the “PRC”). The Group’s revenue for the six months ended 30 September 2017 increased by about 9.5% to approximately HK\$412.3 million (FY2016/17 interim: HK\$376.4 million) and the profit attributable to equity holders of the Company was HK\$81.9 million (FY2016/17 interim: HK\$38.1 million), representing a substantial increase of 115.0%. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) were HK\$141.6 million (FY2016/17 interim: HK\$89.7 million). Basic earnings per share amounted to HK7.6 cents as compared to HK3.4 cents for the previous period.

The Group managed to maintain a strong cash position and great operating flexibility to address market challenges. The Group is committed to generating sustained returns to our shareholders. The Board resolved to declare an interim dividend of HK7.6 cents (FY2016/17 interim: HK3.4 cents) per share.

Hong Kong Operation

During the period under review, revenue contributed from the Hong Kong market recorded an increase of 11.5% to HK\$260.9 million from HK\$234.0 million in the same period of last year. The increase in revenue was mainly due to the increased average spending per customer and expansion of new customers. Such stellar performance can be attributed to the Group’s strong capability of answering customers’ needs on a physical and psychological level, while also allowing the Group to benefit from higher efficiency and economies of scale.

Since our establishment, the Group has placed emphasis on identifying customers that are keen on consuming slimming and high-technology beauty services so as to furbish their allure and esteem. With years of extensive experience in the slimming and high technology beauty services, the Group is dedicated to provide customers with safe and highly effective services. We believe there are more potentials to be unleashed from the market. Led by our Chairman who is a registered medical practitioner in Hong Kong, our management team will continue to bring state-of-the-art high technology beauty treatments to meet the huge demand. Furthermore, leveraging on our excellent service management that facilitates greater quality assurance, our management is confident of the future prospects of our business.

The PRC and Macau Operation

The Group has a strong network in the PRC and Macau. During the period under review, revenue contributed from the PRC and Macau market increased by 6.3% to HK\$151.3 million (FY2016/17 interim: HK\$142.4 million), contributing 36.7% of the Group's total revenue. The Group opened 31 direct service centres in four metropolitan cities, i.e. Beijing, Shanghai, Guangzhou and Shenzhen. The Group also expanded a footprint to Macau market with a view to capitalise the business potentials in this region. The Group's top-end centres can be found in prestigious shopping malls or upscale department stores that are located in areas regularly frequented by high-end customers. By expanding in these prime locations, the Company has been able to rapidly capture the market share, allowing it to command higher premiums for its services, as well as strengthen its position in the upper echelon of the industry. 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 a client- referral program which strategically aims to capture more new customers to expand our member base. With all these efforts, we succeeded in attracting a number of new members. As at 30 September 2017, the number of PRC and Macau members increased to 217,000.

The Group will incorporate high technology beauty units in the existing slimming service centres and these strategies will add impressive dynamic to our business. In view of consumers' ongoing migration towards premium brands for beauty services, the Group is set to replicate its successful business model of high technology beauty services in Hong Kong to the PRC and Macau market, offering one-stop services including both slimming and high technology beauty treatments.

FINANCIAL PERFORMANCE

Revenue

Benefiting from an improvement in the economic environment, the Group's revenue increased by 9.5% to HK\$412.3 million for the six months ended 30 September 2017, compared to HK\$376.4 million for the same period of last year. During the period under review, the increase in revenue was largely due to the increased average spending per customer and expansion of new customers. The Hong Kong operation was the largest geographical operating segment of the Group in the period under review, which accounted for about 63.3% of the Group's turnover (FY2016/17 interim: 62.2%). Sales from Hong Kong region increased by 11.5% to approximately HK\$260.9 million during the six months ended 30 September 2017 (FY2016/17 interim: HK\$234.0 million). Sales from the PRC and Macau region increased by 6.3% to approximately HK\$151.3 million during the six months ended 30 September 2017 (FY2016/17 interim: HK\$142.4 million.)

Marketing Expenses

Marketing expenses increased by 11.7% from HK\$36.5 million to HK\$40.8 million for the six months ended 30 September 2017. Marketing expenses as a percentage of revenue remained at stable level of 9.9% (FY2016/17 interim: 9.7%). The purpose of spending on marketing was primarily on raising our brand awareness and capture a greater share of the local market. During the period under review, the Group based on existing well established clientele base through word-of-mouth referrals to launch the "Affiliate program". Therefore, the Group was able to be more effective for controlling the marketing expenses.

Operating Lease Rentals

Operating lease rentals mainly related to the leased properties in Hong Kong, the PRC 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 decreased by HK\$6.0 million, or 10.2%, from HK\$58.3 million for the six months ended 30 September 2016 to HK\$52.3 million for the six months ended 30 September 2017. The decrease was mainly due to the concentration of the service centre network in Hong Kong and the PRC. The Group will periodically review the expansion plan of service area to enhance customers' experience.

Profit and Margin

Net profit for the period substantially increased by 115.0% to HK\$81.9 million from HK\$38.1 million in the same period of last year. The Group's net profit margin for the period increased to 19.9% from 10.1% in the same period of last year. The increase was mainly attribute to the (i) persistent growth of the business; (ii) effective operating cost control; and (iii) gain from disposal of available-for-sale financial assets as compared to the same period of last year. Basic earnings per share were HK7.6 cents (FY2016/17 interim: HK3.4 cents).

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 September 2017 was HK\$425.7 million (as at 31 March 2017: HK\$453.7 million). The Group generally finances its operation with internally generated cash flows. The Group had bank and cash balance of approximately HK\$325.5 million (as at 31 March 2017: HK\$327.2 million), after payment of the FY2016/17 special dividends and final dividends of HK\$103.6 million at 8 September 2017. The Group had no external bank borrowings as at 30 September 2017 (as at 31 March 2017: Nil). As at 30 September 2017, the Group had net current assets of approximately HK\$188.1 million (as at 31 March 2017: HK\$199.1 million). The gearing ratio as at 30 September 2017 was nil (as at 31 March 2017: nil), calculated as total borrowing over shareholder's equity.

Cash generated from operations in the six months ended 30 September 2017 was approximately HK\$144.4 million (FY2016/17 interim: HK\$98.8 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 19 to the financial statements for details of capital commitments.

Contingent Liabilities

As at 30 September 2017, 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 2017, 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, cautions investment fund, principal protected investments as well as listed investment stocks to enhance returns on the surplus funds. As at 30 September 2017, there was HK\$59.7 million available-for-sale financial assets of the Group.

Significant Investment

The information of the Group's significant investment held at 30 September 2017 stated in this announcement is as follow:

(a) Listed equity security in Hong Kong

Stock code	Name of investment	Principal Business	Nature of Investment	Number of shares	Percentage of total share capital	Investment cost HK\$'000	Market value HK\$'000	Unrealised gain on change in fair value HK\$'000	Dividend received HK\$'000	Percentage to the Group's total assets
700	Tencent Holdings Limited	Provision of Internet and mobile value-added services, online advertising services and e-Commerce transactions services	Investment in shares	70,000	0.0007%	19,172	23,540	4,368	Nil	3.1%

(b) Unit trusts held by banks

Name of investment	Number of units held	Investment cost and market value HK\$'000	Percentage to the Group's total assets
Blackrock Asian Tiger Bond Fund	1,048,184	11,949	1.59%
HSBC Asian Bond Fund	1,153,588	12,070	1.61%
PIMCO Global Investment Grade Credit Fund	112,349	12,164	1.62%
		<u>36,183</u>	

Please refer to note 12 to the financial statements for the movements of significant investment.

Charges on the Group's Assets

As at 30 September 2017, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits and available-for-sales financial assets as set out in Note 20.

Employees and Remuneration Policies

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its employees and recognises the importance of retaining qualified staff to achieve continuous success. The Group had 1,229 employees as at 30 September 2017. During the period under review, total staff cost accounted for approximately 31.6% 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. The Group will constantly review staff remuneration package to maintain its competitiveness in the labour market.

Potential Spin-off and Separate Listing

On 15 November 2017, the Company appointed a financial adviser to review the feasibility, structure and timing of the possibility of a spin-off (the "Potential Spin-off") and separate listing of the Group's beauty and slimming business in the PRC and Macau on a stock exchange in the PRC (the "Listing"). As at the date of hereof, no listing application has been submitted to China Securities Regulatory Commission, the relevant stock exchange in the PRC, the Stock Exchange or other relevant regulatory authorities.

Details of the Potential Spin-off and Listing are set out in the announcement of the Company dated 15 November 2017.

PROSPECTS

The Group well performed as it successfully brought its fundamental advantages to the full play under the outstanding leadership of the management. The net profit of the Group increased by 115.0% from HK\$38.1 million in the same period last year to HK\$81.9 million during the period under review. This was a tremendous encouragement to the Group amidst the severe business environment at the present and testified to the solid strengths of the Group.

The market showed gradual signs of improvement during the period. The Group has a long history in the operation of slimming and high-technology beauty service. With extensive experience in the industry and committed efforts for innovations, the Group has continuously introduced sophisticated services of the highest quality for its customers, winning the long-term favour of its customers for its slimming and high technology beauty services while successfully establishing brand advantages and customer loyalty. To further fortify its leading position in the industry, the Group has introduced a number of slimming, beauty and anti-ageing treatments and equipments from time to time. We are committed to offering the top notch customer experiences, and will continue to offer the latest equipment in meeting the continued growing demand of customers in slimming and high-technology beauty need.

The Group will continue with its goal of not only satisfying customers' needs, but exceeding their expectations. Our business intelligence team will continue with its analysis of big data to identify customers' intrinsic needs. In order to establish an amiable interdependence with our customers, the Group addresses customers genuine needs with sincerity and offers safe, quality and considerate services to customers. A graceful and comfortable service environment can give assurance that customers enjoy the most fabulous experience in our service centres.

Whilst economic growth in the PRC has moderated in recent years, the country, as the world's second largest economy, is expected to remain the key growth driver for the world economy. The ongoing economic reforms and expansion of middle and upper classes in the PRC will drive sustainable growth in consumption on healthcare and beauty services. The PRC market will continue to bring enormous opportunity to the business of the Group.

As for the operations in the PRC, the Group will continue to provide top-notch customers' experience, as well as high-quality service to cater for the needs of the more sophisticated and quality conscious customers. With an increasingly large number of people who are obese, and generally more and more individuals who are overweight, the need for slimming and high technology beauty services will continue to rise. In addition, given that there is a growing middle class, particularly women who care about their appearance, the demand for slimming and high technology beauty services will grow further. In view of such trends, the Group will continue to replicate Hong Kong high technology beauty service 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 and enhance customer experience. The Group can move it one step closer towards its goal of becoming the largest premium slimming and high technology beauty services provider in the PRC.

Our resourceful management team has a proven track record of mastering changes and creating shareholder value during challenging times and the Group will stay focused on consolidating its business strengths and leading market position through a variety of strategies and measures. Looking forward, we will build on our achievements to establish a firmer position as a leading company in the industry, and are determined to solidify our platform for sustainable growth. There is no shadow of doubt in our mind that this will push the Group's overall level of earnings higher over the long run and enhance our corporate value both substantially and comprehensively.

INTERIM DIVIDEND

The Board recommended a payment of an interim dividend of HK7.6 cents per share of the Company (the "Share") for the six months ended 30 September 2017 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 22 December 2017. The proposed interim dividend will be paid on or around 15 January 2018.

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-month period ended 30 September 2017.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 20 December 2017 to Friday, 22 December 2017 (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 19 December 2017.

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 2017, 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 underlying shares held pursuant to share options			Percentage of the issued share capital of the Company
		Number of ordinary shares	(Note 2)		
Dr. Au-Yeung Kong	Beneficial owner	17,500,000 (L)	14,548,000	68.21%	
	Interest of controlled corporation (Note 1)	700,000,000 (L)	—		
Ms. Au-Yeung Wai	Beneficial owner	—	14,548,000	66.58%	
	Interest of controlled corporation (Note 1)	700,000,000 (L)	—		
Ms. Au-Yeung Hung	Beneficial owner	—	14,548,000	66.58%	
	Interest of controlled corporation (Note 1)	700,000,000 (L)	—		

(L): Long position

Notes:

1. 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 Earls 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.
2. 14,548,000 underlying Shares represent (i) 2,900,000 Shares to be issued under the share options granted by the Company on 27 April 2015; (ii) 5,552,000 Shares to be issued under the share options granted by the Company on 27 April 2016; and (iii) 6,096,000 Shares to be issued under the share options granted by the Company on 27 April 2017 under the share option scheme adopted by the Company on 6 January 2012.

Save as disclosed above, as at 30 September 2017, 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

Apart from as disclosed under the sections headings "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above and "Share Option Scheme" below, at no time during the six months ended 30 September 2017 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, 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 co-operate 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 2017, 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, persons who had interests or short positions 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 are, 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)	35.64%
	Interest of controlled corporation (<i>Note</i>)	317,500,000 (L)	29.58%
Earlson Holdings Limited (<i>Note</i>)	Beneficial owner	180,000,000 (L)	16.77%
Market Event Holdings Limited (<i>Note</i>)	Beneficial owner	137,500,000 (L)	12.81%

(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.

Save as disclosed above, as at 30 September 2017, 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.

Details of the share options movements during the six months ended 30 September 2017 under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise price (HK\$)	Exercise period	Number of share options					Balance as at 30.09.2017
				Balance as at 01.04.2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
Directors									
Dr. Au-Yeung Kong	27/04/2015 (Note 1)	HK\$1.72	27/04/2018–26/04/2025	2,900,000	—	—	—	—	14,548,000
	27/04/2016 (Note 2)	HK\$0.90	27/04/2016–26/04/2019 (Note 4)	5,552,000	—	—	—	—	
	27/04/2017 (Note 3)	HK\$0.82	27/04/2017–26/04/2020 (Note 5)	—	6,096,000	—	—	—	
Ms. Au-Yeung Wai	27/04/2015 (Note 1)	HK\$1.72	27/04/2018–26/04/2025	2,900,000	—	—	—	—	14,548,000
	27/04/2016 (Note 2)	HK\$0.90	27/04/2016–26/04/2019 (Note 4)	5,552,000	—	—	—	—	
	27/04/2017 (Note 3)	HK\$0.82	27/04/2017–26/04/2020 (Note 5)	—	6,096,000	—	—	—	
Ms. Au-Yeung Hung	27/04/2015 (Note 1)	HK\$1.72	27/04/2018–26/04/2025	2,900,000	—	—	—	—	14,548,000
	27/04/2016 (Note 2)	HK\$0.90	27/04/2016–26/04/2019 (Note 4)	5,552,000	—	—	—	—	
	27/04/2017 (Note 3)	HK\$0.82	27/04/2017–26/04/2020 (Note 5)	—	6,096,000	—	—	—	
Total				25,356,000	18,288,000	—	—	—	43,644,000

Notes:

- The closing price of the shares immediately before 27 April 2015, on which those options were granted, was HK\$1.72.
- The closing price of the shares immediately before 27 April 2016, on which those options were granted, was HK\$0.89.
- The closing price of the Shares immediately before 27 April 2017, on which those options were granted, was HK\$0.82.
- (i) Not more than one third of the share options be exercised during the period from 27 April 2016 to 26 April 2017; (ii) not more than two thirds of the share options in total be exercised during the period from 27 April 2017 to 26 April 2018; and (iii) all remaining share options be exercised during the period from 27 April 2018 to 26 April 2019.
- (i) Not more than one third of the share options be exercised during the period from 27 April 2017 to 26 April 2018; (ii) not more than two thirds of the share options in total be exercised during the period from 27 April 2018 to 26 April 2019; and (iii) all remaining share options be exercised during the period from 27 April 2019 to 26 April 2020.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 September 2017, 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 2017 except the issues mentioned in the following paragraphs:

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 2017, 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 latest written terms of reference which were revised on 15 January 2016 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 risk management 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. Cho Yi Ping 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 financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2017.

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, including benefits in kind, pension rights and compensation payments, which include 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. Cho Yi Ping and Mr. Chi Chi Hung, Kenneth, and two executive Directors, namely, Dr. Au-Yeung Kong and Ms. Au-Yeung Wai. Mr. Chi Chi Hung, Kenneth 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 primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and succession planning for Directors, assess the independence of independent non-executive Directors and review the board diversity policy of the Company.

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

Pre-Emptive Rights

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

Changes of Directors’ Information

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

Mr. Chi Chi Hung Kenneth, an independent non-executive Director, has been appointed as an executive director of Ceneric (Holdings) Limited (stock code: 542) in June 2017.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the Company’s website (www.perfectshape.com.hk) and the Stock Exchange’s website (www.hkex.com.hk). The 2017/18 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Perfect Shape Beauty Technology Limited
Dr. Au-Yeung Kong
Chairman

Hong Kong, 30 November 2017

As at the date of this announcement, 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. Cho Yi Ping and Mr. Chi Chi Hung, Kenneth as independent non-executive Directors.