



Water **Oasis** Group Limited

奧思集團有限公司

Stock Code 股份代號 : 1161

Interim Report **14**

邁向璀璨領域

INTERIM REPORT 中期報告 2014

A Fresh Bright Horizon

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The board of directors (the “Board”) of Water Oasis Group Limited (the “Company”) herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 31st March, 2014.

The unaudited consolidated results have been reviewed by the Company’s Audit Committee and the Company’s independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The independent auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

Results and Dividend

For the six months ended 31st March, 2014, the Group’s turnover rose by 5.3% by comparison with the same period last year, to approximately HK\$330.9 million (six months ended 31st March, 2013: HK\$314.3 million). The gross profit margin was maintained at around 89.8%, and profit for the period fell by 74.4% compared with the same period last year, to HK\$4.8 million (six months ended 31st March, 2013: HK\$18.6 million). This drop was primarily due to the fact that the relatively higher property-related revaluation gain recorded last year, together with the additional payment obligations in respect of the remuneration and entitlement of certain employees, were not applicable this year, and also because of a change in the Group’s China department store concession counter operations, under which the deferred tax assets previously recognised have been reversed. However, this decline in profitability year-on-year was the result purely of one-off factors and has had no impact on the Group’s cash flow. Indeed, if these one-time impacts are set aside, the Group’s profit for the period shows an encouraging shift from a declining trend to growth, of 250.1% for the period.

The Group retains a strong cash position of over HK\$200 million as at 31st March, 2014, which represents an increase over its cash in hand just six months ago.

The Board has resolved to declare an interim dividend of 1.0 HK cent per share for the six months ended 31st March, 2014 (six months ended 31st March, 2013: 2.5 HK cents per share).

Management Discussion and Analysis

The six-month period from 1st October, 2013 to 31st March, 2014 was one in which the Group began to see the early fruits of its new strategy “strengthen the core, seed for the future”. Signs of a definite shift back towards growth were evident, especially in the Hong Kong market, when compared with the same period last year. In Hong Kong, growth in sales of 7.0% was more than double the city’s average economic growth for the period, and was largely driven by the spending of local consumers.

The Group’s service business has established itself as a serious growth driver, while the streamlining of its existing retail business continues to generate greater efficiency and improved profitability. During the period, the Group revisited its operations in all regions and closed down a number of under-performing or loss-making outlets.

As at 31st March, 2014, the balance of sales mix from the Group's beauty services sales and retail sales stood at approximately 70% to 30%, up from around 65% to 35% at the same point last year. Performance from the Group's range of beauty services was strong across the board, and this was supported by encouraging results from the retail side.

SPA & BEAUTY BUSINESS

Oasis Spa, Oasis Beauty/Aqua Beauty/Oasis Homme and Oasis Medical Centre

The Group's service sector in Hong Kong performed uniformly impressively across the period, with beauty services sales growing by around 15% on average and good profitability achieved from all the above-mentioned units. Particularly outstanding were the performances of the Oasis Beauty and Oasis Spa outlets, which each managed growth of at least 15%.

As at 31st March, 2014, the Group operated 14 Oasis Beauty centres, 3 Oasis Spa centres and 5 Oasis Medical Centres in Hong Kong, along with 2 Aqua Beauty centres and 1 Oasis Homme centre. This represents no change in the numbers of six months ago.

Over the period under review, the Group has begun a process of gradual refurbishment of its Oasis Beauty stores, refreshing their image and upgrading their environment. Refurbishment of the Mongkok store has been completed, and those in Central and Shatin will be next on the list. The Group believes this refurbishment will help maintain a fresh, relevant brand image in the minds of target consumers.

Given the growing popularity of the Group's Oasis Medical Centre services, the Group is in the process of opening a new Oasis Medical Centre in Central, where it has not previously had a presence. This branch, due to open in the autumn of 2014, will be located in the Entertainment Building in Central, on the same building on which its Oasis Spa outlet and new Glycel Skin Spa are located.

In the PRC, the Group has retained its 3 Oasis Beauty outlets in Beijing and 1 in Shanghai, along with 1 franchise operation. The Beijing outlets are profitable and performing satisfactorily, while the newer Shanghai outlet is still in the process of establishing itself and holds plenty of potential. The Group is looking to consolidate its presence in these major centres before seeking further expansion.

BRAND OWNERSHIP & DISTRIBUTION

Glycel

The Group's Glycel brand performed well throughout the period. However, to "strengthen the core, seed for the future", the Group made some adjustments to its Glycel operations. For example, it reviewed the performance of Glycel outlets outside its core market of Hong Kong and closed down under-performing or loss-making department store concession counters. As a result, as at 31st March, 2014, there was just 1 Glycel retail shop still operating in the PRC, located in Shanghai IAPM (against 6 outlets as at 30th September, 2013), while the Group has ended all its Glycel operations in Taiwan.

In Hong Kong at period-end there were 16 Glycel outlets in operation, including a new store in the Cityplaza shopping mall in Taikoo Shing. Recently, the Group opened a larger outlet in Macau which has brought greater capacity for Glycel as well as for h₂O+. Generally, sales in Macau have been satisfactory across the period, and the Group expects this market to be a growth driver in the future.

The growing popularity of the Glycel brand in Hong Kong has meant the capacity of the Group's Central outlet in the Bank of East Asia Building is unable to meet demand. In autumn of 2014, the Group will relocate its Glycel store to a new venue in the Entertainment Building in Central and open a new Oasis Medical Centre on the same premises, a location which is approximately three times larger than the current one. Apart from the new Glycel store and new Oasis Medical Centre, the Group has an existing Oasis Spa outlet in the building. The new arrangement will help strengthen brand recognition, as well improving the cost-effectiveness of staffing arrangements.

The Group is continuing to use charity sponsorships as a way of promoting its Glycel brand. As last year, Glycel is one of the key Sponsors of this year's Wai Yin Association Charity Ball 2014, to hold in May 2014.

h₂O+

The h₂O+ brand business retains a large and loyal customer base in Hong Kong. The Group has continued to market h₂O+ effectively and generate new customers, and is committed to the brand as a long-term member of its product portfolio. As part of its "strengthen the core" strategy, the focus has however been firmly turned on Hong Kong and Macau. It is therefore likely that the Group will relinquish its very small Singapore h₂O+ operation in coming months, in order to focus more effectively on local development.

The Group recently re-engaged longtime brand spokesperson, local celebrity Ms. Joey Yung, as the 'face' of h₂O+ as well as of Oasis Beauty, a move which will further help to inject fresh excitement into the brand.

In Hong Kong and Macau, there were 18 h₂O+ outlets in operation at the end of the period under review.

Erno Laszlo

The Group's Erno Laszlo brand continues to prosper in Hong Kong, demonstrating steady growth in the half and continuing to consolidate its position. Currently there are 8 Erno Laszlo branches around Hong Kong. A new store opened in Cityplaza shopping mall in Taikoo Shing has met with early success. The Group's distribution agreement for the Erno Laszlo brand has been successfully renewed up until 31st December, 2020.

Outlook

The Group has vigorously pursued its new strategy of "strengthen the core, seed for the future" over the past six months, and seen clear signs of its success already beginning to emerge. Its foundational retail business remains in place, and the complications and reversals that have arisen over the past couple of years have been addressed. Streamlined and refreshed, with an eye on profitability and steady growth potential, the Group's retail operations have been given a solid foundation for the future. Meanwhile, the Group's service business is outperforming the economy as a whole, and generating good profitability. In short, the initiatives of the past few months have restored momentum to the Group and given it renewed energy for new growth. As always, the Group will remain alert to possible new business opportunities and investments, but only within the overall focus of "strengthening the core".

The Group is beginning to explore the use of wholesale channels and TV shopping channel for distributing its brands. To date, most of its brands have been sold through brand stores or manned counters; now it is discussing the possibility of some large retail chains in both Hong Kong and the PRC stocking its brands on a wholesale basis.

Overall, the position of the Group halfway through the 2013/14 financial year is a good one, although this has yet to be fully reflected in the bottom line. Once further adjustments to operations have been made, including the final stages of weeding out underperforming or unprofitable operations, the Group will stand unencumbered and ready to plan for future growth without complications.

Liquidity and Financial Resources

As at 31st March, 2014, the Group had net current liabilities of approximately HK\$59.9 million (as at 30th September, 2013: HK\$57.8 million).

The Group generally finances its operations with internally generated resources. As at 31st March, 2014, the Group had cash reserves of approximately HK\$204.6 million (as at 30th September, 2013: HK\$184.7 million).

As at 31st March, 2014, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK\$269.9 million (as at 30th September, 2013: HK\$276.5 million) was approximately 11.1% (as at 30th September, 2013: 11.4%). Details of the maturity profile of the secured mortgage loan as set out in note 13 are disclosed in the condensed consolidated financial statements. All borrowings are denominated in Hong Kong dollars. The bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi.

The Group continues to follow the practice of prudent cash management. The Group has acceptable level of exposure on foreign currency fluctuations as most of its assets, receipts and payments are principally denominated in the functional currency of the relevant territories. The Group will continue to monitor its foreign exchange position and if necessary will hedge its foreign exchange exposure by entering forward foreign exchange contracts.

Contingent Liabilities

The Group had no significant contingent liability as at 31st March, 2014.

Capital Commitments

The Group had no significant capital commitments as at 31st March, 2014.

Human Resources

As at 31st March, 2014, the Group employed 811 staff (as at 30th September, 2013: 853 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options will also be granted to eligible staff based on individual's and Group's performances. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs.

The Group is committed to nurturing a learning culture in the organisation. Heavy emphasis is placed on training and development, as the Group's success is dependent on the effort of a skilled and motivated work force.



Report on Review of Condensed Consolidated Financial Statements To the Board of Directors of Water Oasis Group Limited

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Water Oasis Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 7 to 23, which comprises the Condensed Consolidated Statement of Financial Position as of 31st March, 2014 and the related Condensed Consolidated Statement of Profit or Loss, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 28th May, 2014

Condensed Consolidated Statement of Profit or Loss

Unaudited
Six months ended
31st March,

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	4	330,888	314,259
Purchases and changes in inventories of finished goods		(33,588)	(39,550)
Other income		3,434	4,219
Other gains or losses		350	29,567
Staff costs	5	(143,782)	(155,573)
Depreciation of property and equipment		(12,312)	(11,943)
Finance costs		(328)	(3,367)
Other expenses		(127,584)	(122,546)
Profit before taxation		17,078	15,066
Taxation	6	(12,303)	3,564
Profit for the period	7	4,775	18,630
Profit for the period attributable to:			
Owners of the Company		6,736	20,157
Non-controlling interests		(1,961)	(1,527)
		4,775	18,630
Earnings per share			
Basic and diluted	8	0.9 HK cent	2.6 HK cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Unaudited
Six months ended
31st March,

	2014 HK\$'000	2013 HK\$'000
Profit for the period	4,775	18,630
Other comprehensive income (expense):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	76	(13)
Total comprehensive income for the period	4,851	18,617
Total comprehensive income for the period attributable to:		
Owners of the Company	6,786	20,131
Non-controlling interests	(1,935)	(1,514)
	4,851	18,617

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited As at 31st March, 2014 HK\$'000	Audited As at 30th September, 2013 HK\$'000
Non-current assets			
Intangible assets		59,519	59,484
Goodwill		3,012	3,012
Investment properties	10	223,275	222,734
Property and equipment	10	41,727	43,942
Rental deposits		37,237	34,862
Deferred tax assets		3,599	11,302
		368,369	375,336
Current assets			
Inventories		41,679	48,957
Trade receivables	11	40,066	24,318
Prepayments		38,468	40,171
Other deposits and receivables		12,751	10,205
Bank balances and cash		204,550	184,708
		337,514	308,359
Current liabilities			
Trade payables	12	2,363	6,801
Accruals and other payables		82,131	72,860
Receipts in advance		303,364	272,494
Secured mortgage loan – due within one year	13	2,898	3,102
Tax payable		6,630	10,873
		397,386	366,130
Net current liabilities		(59,872)	(57,771)
Total assets less current liabilities		308,497	317,565
Capital and reserves			
Share capital	14	76,395	76,395
Reserves		187,088	191,761
Equity attributable to owners of the Company		263,483	268,156
Non-controlling interests		6,369	8,304
Total equity		269,852	276,460
Non-current liabilities			
Pension obligations		116	116
Secured mortgage loan – due after one year	13	27,021	28,481
Deferred tax liabilities		11,508	12,508
		38,645	41,105
		308,497	317,565

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Statutory fund reserve HK\$'000	Share options reserve HK\$'000	Convertible bond equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st October, 2012 (audited)	76,395	38,879	21,999	(1,766)	450	1,797	35,305	1,347	106,425	280,831	11,591	292,422
Profit for the period	-	-	-	-	-	-	-	-	20,157	20,157	(1,527)	18,630
Other comprehensive (expense) income for the period	-	-	(26)	-	-	-	-	-	-	(26)	13	(13)
Total comprehensive (expense) income for the period	-	-	(26)	-	-	-	-	-	20,157	20,131	(1,514)	18,617
2012 final dividend paid	-	-	-	-	-	-	-	-	(30,558)	(30,558)	-	(30,558)
Transfer to retained profits upon expiry of share options	-	-	-	-	-	-	(35,305)	-	35,305	-	-	-
At 31st March, 2013 (unaudited)	76,395	38,879	21,973	(1,766)	450	1,797	-	1,347	131,329	270,404	10,077	280,481

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Statutory fund reserve HK\$'000	Share options reserve HK\$'000	Convertible bond equity reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st October, 2013 (audited)	76,395	38,879	24,459	(1,766)	450	1,797	-	-	127,942	268,156	8,304	276,460
Profit for the period	-	-	-	-	-	-	-	-	6,736	6,736	(1,961)	4,775
Other comprehensive income for the period	-	-	50	-	-	-	-	-	-	50	26	76
Total comprehensive income for the period	-	-	50	-	-	-	-	-	6,736	6,786	(1,935)	4,851
2013 final dividend paid	-	-	-	-	-	-	-	-	(11,459)	(11,459)	-	(11,459)
At 31st March, 2014 (unaudited)	76,395	38,879	24,509	(1,766)	450	1,797	-	-	123,219	263,483	6,369	269,852

Condensed Consolidated Statement of Cash Flows

Unaudited
Six months ended
31st March,

	2014 HK\$'000	2013 HK\$'000
Net cash from (used in) operating activities	42,964	(5,828)
Net cash (used in) from investing activities:		
Purchase of property and equipment	(10,136)	(13,592)
Proceeds on disposal of an investment property	-	14,000
Proceeds on disposal of asset classified as held for sale	-	25,000
Other investing cash flows	444	1,571
	(9,692)	26,979
Net cash used in financing activities:		
Dividends paid	(11,459)	(30,558)
Other financing cash flows	(2,050)	(2,745)
	(13,509)	(33,303)
Net increase (decrease) in cash and cash equivalents	19,763	(12,152)
Cash and cash equivalents at beginning of the period	184,708	255,170
Effect of foreign exchange rate changes	79	17
Cash and cash equivalents at end of the period, represented by bank balances and cash	204,550	243,035

Notes to the Condensed Consolidated Financial Statements

1. General Information

Water Oasis Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 27th September, 2001 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the Interim Report. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11th March, 2002.

The Company is an investment holding company. Its subsidiaries principally engage in the distribution of skincare products in Hong Kong, Macau, Taiwan, Singapore and the People’s Republic of China (the “PRC”) and the operation of beauty centres, spas and medical beauty centres in Hong Kong and the PRC.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) which is the functional currency of the Company. The condensed consolidated financial statements were approved for issue by the Board of Directors on 28th May, 2014.

2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on a going concern basis as at 31st March, 2014, as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30th September, 2013.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st March, 2014 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30th September, 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Impact of the application of HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The adoption of HKFRS 10 has no impact on the consolidation of investments held by the Group.

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 34 “Interim Financial Reporting” (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 “Interim Financial Reporting” as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the “CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. Turnover and Segment Information

Information reported to the Company's executive directors, being the CODM, in respect of the Group's business is focused on operation mode. The Group's operating segments based on the said information for the purposes of resources allocation and performance assessment, under HKFRS 8 are therefore as follows:

- (i) Retail segment – the retail sales of skincare products
- (ii) Services segment – provision of services in beauty centres, spas, medical beauty centres and other businesses

The following is an analysis of the Group's turnover and results by operating segments for the period under review:

	Retail segment		Services segment		Elimination		Consolidation	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31st March,		31st March,		31st March,		31st March,	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	99,829	111,305	231,059	202,954	-	-	330,888	314,259
Inter-segment sales	26,313	12,802	-	-	(26,313)	(12,802)	-	-
Total	126,142	124,107	231,059	202,954	(26,313)	(12,802)	330,888	314,259
Segment results	(6,165)	116	51,344	18,210	-	-	45,179	18,326
Other income							3,434	4,219
Other gains or losses							350	29,567
Finance costs							(328)	(3,367)
Central administrative costs							(31,557)	(33,679)
Profit before taxation							17,078	15,066

Segment results represent the profit earned by each segment without allocation of other income, other gains or losses of the corporation function, finance costs and central administrative costs (including directors' emoluments). This is the measure reported to the Company's executive directors for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates at terms determined.

5. **Staff Costs**

During the six months ended 31st March, 2013, the Group recognised an additional staff cost of approximately HK\$21.9 million, being one-off remuneration and entitlement of certain of its employees in respect of prior years up to 31st December, 2012.

6. **Taxation**

	Six months ended 31st March,	
	2014 HK\$'000	2013 HK\$'000
Current taxation		
Current period	5,600	2,990
Deferred taxation		
Current period	6,703	(6,554)
	12,303	(3,564)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward from prior years.

The PRC Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2013: 25%) on the assessable profits.

Withholding tax has been imposed on dividends payable to foreign shareholders out of profits generated by companies established in the PRC. Deferred taxation has been provided for in respect of the undistributed profits from the Company's PRC subsidiaries accordingly.

Taxation on profits generated outside Hong Kong has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries/places in which the Group operates.

7. Profit for the Period

	Six months ended 31st March,	
	2014 HK\$'000	2013 HK\$'000
Profit for the period is stated at after charging:		
Amortisation of intangible assets	129	130
Interest expenses on secured mortgage loan	328	357
Effective interest expenses on convertible bond	-	3,010
Loss on fair value change of an investment property	-	960
Loss on disposal/write-off of property and equipment	32	886
Net exchange losses	159	841
and after crediting:		
Gain on fair value change of investment properties	541	32,254
Interest income on bank deposits	604	1,515
Rental income from investment properties	2,250	2,245

8. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 31st March,	
	2014 HK\$'000	2013 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	6,736	20,157

	Number of shares	
	2014	2013
Number of ordinary shares for the purposes of basic and diluted earnings per share	763,952,764	763,952,764

The computation of diluted earnings per share does not assume:

- (i) the exercise of the Company's outstanding share options for the period ended 31st March, 2013 since the exercise price of those options was higher than the average price during that period and hence the share options were not dilutive (such share options expired during the year ended 30th September, 2013);
- (ii) the conversion of the Company's outstanding convertible bond for the period ended 31st March, 2013 since its exercise would result in an increase in earnings per share and hence was anti-dilutive (such convertible bond was redeemed during the year ended 30th September, 2013).

9. Dividends

	Six months ended 31st March,	
	2014 HK\$'000	2013 HK\$'000
Interim dividend proposed of 1.0 HK cent (2013: 2.5 HK cents) per share	7,640	19,099

During the six months ended 31st March, 2014, a final dividend of 1.5 HK cents (2013: 4.0 HK cents) per share totalled approximately HK\$11,459,000 was paid to shareholders of the Company in respect of the year ended 30th September, 2013 (2013: HK\$30,558,000 was paid in respect of the year ended 30th September, 2012).

At the Board meeting held on 28th May, 2014, the directors declared an interim dividend of 1.0 HK cent (2013: 2.5 HK cents) per share. This proposed interim dividend is not reflected as dividend payable in the condensed consolidated financial statements as it was declared after the end of the reporting period.

10. Capital Expenditures

During the six months ended 31st March, 2014, the Group incurred capital expenditure of approximately HK\$10,136,000 for property and equipment (six months ended 31st March, 2013: HK\$13,592,000).

The Group's investment properties were revalued based on a valuation as of 31st March, 2014 carried out by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent qualified professional valuer not connected with the Group. The resulting increase in fair value of investment properties of HK\$541,000 (six months ended 31st March, 2013: HK\$32,254,000) has been recognised directly in profit or loss.

11. Trade Receivables

The Group generally allows its trade debtors credit terms of 30 days to 90 days. The following is an aging analysis of trade receivables, presented based on the payment due date, net of allowance for bad and doubtful debts, at the end of the reporting period:

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
0 to 30 days	38,964	22,901
31 days to 60 days	362	932
61 days to 90 days	113	48
Over 90 days	627	437
	40,066	24,318

12. Trade Payables

The following is an aging analysis of trade payables, presented based on the payment due date, at the end of the reporting period:

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
0 to 30 days	2,363	6,801

13. Secured Mortgage Loan

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Analysed for reporting purpose as:		
Current liabilities	2,898	3,102
Non-current liabilities	27,021	28,481
	29,919	31,583

The scheduled principal repayment dates of the loan with reference to the mortgage loan agreement are as follows:

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Within 1 year	2,898	3,102
1 year to less than 2 years	2,960	2,930
2 years to less than 3 years	3,026	2,993
3 years to less than 4 years	3,091	3,058
4 years to less than 5 years	3,156	3,125
5 years or more	14,788	16,375
	29,919	31,583
Less: Amount due within one year shown under current liabilities	(2,898)	(3,102)
Amount shown under non-current liabilities	27,021	28,481

As at 31st March, 2014, the mortgage loan is secured by the Group's investment properties with a carrying amount of HK\$223,275,000 (as at 30th September, 2013: HK\$222,734,000). It bears interest at 2.85% below the bank's Hong Kong Dollar Best Lending Rate per annum. The effective interest rate is approximately 2.15% (as at 30th September, 2013: 2.15%) per annum.

14. Share Capital

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Authorised: 2,000,000,000 (2013: 2,000,000,000) ordinary shares of HK\$0.1 each	200,000	200,000
Issued and fully paid: 763,952,764 (2013: 763,952,764) ordinary shares of HK\$0.1 each	76,395	76,395

15. Share Options

- (i) On 24th February, 2012, the Company adopted a new share option scheme (the “Share Option Scheme”), which replaced an old share option scheme that expired on 22nd January, 2012. The purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Pursuant to the Share Option Scheme, the Board may, on or before 23rd February, 2022, at its discretion, offer to grant options at an option price of HK\$1.00 to any executives and full-time employees, part time employees with weekly working hours of 10 hours and above, executive or non-executive directors of the Company or any of its subsidiaries, any advisors (professional or otherwise), consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to subscribe for shares of the Company, representing (when aggregated with options granted under any other scheme) initially not more than 10% of the shares in issue as at 24th February, 2012, on which the Share Option Scheme was conditionally adopted pursuant to the resolution of the shareholders of the Company in general meeting held on that date. The subscription price shall be the highest of (i) the closing price of the shares of the Company on the Stock Exchange on the date of the grant of options; (ii) the average closing price of the shares of the Company on the Stock Exchange for the five business days immediately preceding the date of the grant of options; and (iii) the nominal value of the shares. The Board may in its absolute discretion determine the period, saved that such period shall not be more than 10 years commencing on the date of the grant of option, and the minimum period for which a share option must be held before it can be exercised. The maximum aggregate number of shares issued and to be issued on the exercise of options and in respect of which options may be granted under the Share Option Scheme must not exceed 30% of the total number of shares in issue from time to time.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 24th February, 2012. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) within any twelve-month period under the Share Option Scheme and any other share option scheme(s) of the Company and/or any of its subsidiaries must not exceed 1% of the number of shares in issue.

As at the date of this report, a total of 76,395,276 shares (representing approximately 10% of the existing issued share capital of the Company) may be issued upon exercise of all options which may be granted under the Share Option Scheme.

No share options under the Share Option Scheme were granted, exercised, cancelled or lapsed, during the current interim period nor outstanding as at 31st March, 2014.

- (ii) On 18th December, 2009, the Company entered into a consultancy agreement with independent third parties, Luminary Capital Limited (the “Advisor”) and Mr. Leung Pak To, Francis whereby an option was granted by the Company to the Advisor in return for its general consultancy and financial advisory services provided to the Group (the “Option”) for a period of 24 months. The Option entitles the Advisor the right to require the Company to issue up to 36,955,600 option shares at an option price of HK\$2.26 per option share during a 36 months’ period from 18th December, 2009 to 17th December, 2012.

The closing price of the Company's shares immediately preceding 18th December, 2009 (the date the Option was granted) was HK\$2.45.

The fair value of the Option at the date of grant determined using the Binomial Option Pricing Model was approximately HK\$35,305,000.

Following the Company's issue of bonus shares on 30th March, 2010, the number of option shares and the option price were adjusted to 73,911,200 shares and HK\$1.13 per option share respectively.

The Option has never been exercised and it expired during the period ended 31st March, 2013.

16. Commitments and Operating Lease Arrangements

(a) Capital commitments

	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the condensed consolidated financial statements	1,069	4,435

(b) Commitments and arrangements under operating leases

As at 31st March, 2014 and 30th September, 2013, the Group had total future aggregate minimum lease receipts and payments under non-cancellable operating leases in respect of investment properties and rented premises as follows:

As lessors Rental receipts	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Not later than 1 year	4,710	4,590
More than 1 year and not later than 5 years	1,017	3,387
	5,727	7,977

There was no contingent lease arrangement for the Group's rental receipts.

As lessees	As at 31st March, 2014 HK\$'000	As at 30th September, 2013 HK\$'000
Rental payments		
Not later than 1 year	124,031	118,325
More than 1 year and not later than 5 years	114,058	125,817
	238,089	244,142

Operating lease payments represent rentals payable by the Group for certain of its leased properties. Lease terms are negotiated and fixed for an average term of two to three years.

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable, if any, when the amounts are determined by applying predetermined percentages to turnover less the basic rentals of the respective leases as it is not possible to determine in advance the amount of such additional rentals.

17. Related Party Transactions

Key management personnel compensation

	Six months ended 31st March, 2014 HK\$'000	2013 HK\$'000
Basic salaries	1,932	1,932
Bonuses	1,970	3,909
Retirement benefit costs	30	30
	3,932	5,871

18. Event after the Reporting Period

There was no significant event after the reporting period.

Interim Dividend and Closure of Register of Members

The Board has declared an interim dividend of 1.0 HK cent per share for the six months ended 31st March, 2014 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 18th June, 2014. The Register of Members will be closed from Monday, 16th June, 2014 to Wednesday, 18th June, 2014, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 13th June, 2014. The relevant dividend warrants will be dispatched to shareholders on Monday, 30th June, 2014.

Audit Committee

The Company's Audit Committee comprises Prof. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung who are the independent non-executive directors of the Company. The Audit Committee is chaired by Prof. Wong Lung Tak, Patrick, B.B.S., J.P..

It is responsible for the appointment of the external auditor, review of the Group's financial information and overseeing the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. The Board has delegated its responsibilities to the Audit Committee to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the directors and employees; to review and monitor the training and continuous professional development of directors and senior management and to review the Company's compliance with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules and disclosures in the corporate governance report.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated results of the Group for the six months ended 31st March, 2014 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the condensed consolidated financial statements. It has also reviewed this report.

Remuneration Committee

The Company established a Remuneration Committee on 26th June, 2006. The Remuneration Committee comprises all the independent non-executive directors of the Company and is chaired by Mr. Wong Chun Nam, Duffy, J.P..

The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. It also makes recommendations to the Board on the remuneration of non-executive directors.

Investment Advisory Committee

To establish better control on the Group's investment portfolio, an Investment Advisory Committee was established on 15th November, 2007. The Investment Advisory Committee comprises all the independent non-executive directors of the Company and Mr. Yu Kam Shui, Erastus, an executive director of the Company, and is chaired by Dr. Wong Chi Keung.

The objectives of the Investment Advisory Committee are to set guidelines on the portfolio mix of the Group's investments for the daily execution of investment decisions and monitoring of the investment portfolio. The Committee members meet and review the investment directions and the portfolio mix as well as evaluate the performance of the investment portfolio.

Nomination Committee

To comply with the CG Code, a Nomination Committee was established on 22nd March, 2012. The Nomination Committee comprises all the independent non-executive directors of the Company and is chaired by Dr. Wong Chi Keung.

It is responsible for making recommendations to the Board on nominations, appointment or re-appointment of directors and Board succession. The principal duties of the Nomination Committee include reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of services) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and assessing the independence of independent non-executive directors.

Disclosure Committee

In order to enhance timely disclosure of inside information (the "Inside Information") as defined under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), a Disclosure Committee was established on 10th January, 2013. The Disclosure Committee comprises Mr. Yu Kam Shui, Erastus, an executive director of the Company and all the independent non-executive directors of the Company, and is chaired by Mr. Yu Kam Shui, Erastus.

The objectives of the Disclosure Committee are to consider and make recommendations to the Board in relation to the Company's disclosure policy and guidelines regarding the Inside Information of the Company and to make recommendations to the Board on the disclosure of Inside Information in compliance with the established disclosure policy and guidelines adopted by the Board, the applicable laws and regulations, including but not limited to the Listing Rules and the SFO.

Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 31st March, 2014, the interests or short positions of the directors and chief executive of the Company in the shares or underlying shares or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning 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 and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company and its associated corporations

Name of director and chief executive	Name of companies in which interests are held	Capacity in which interests are held	Number and class of shares			Total	Approximate percentage of issued share capital
			Personal interests	Family interests	Corporate interests		
Yu Kam Shui, Erastus	The Company	Beneficial owner	8,000,000 ordinary	–	–	8,000,000 ordinary	1.0%
Tam Chie Sang	The Company	Interest of a controlled corporation and interest of spouse	–	5,960,000 ordinary ⁽¹⁾	155,333,760 ordinary ⁽²⁾	161,293,760 ordinary	21.1%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non-voting deferred	165,000 non-voting deferred ⁽¹⁾	–	330,000 non-voting deferred	–
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of a controlled corporation	5,960,000 ordinary	–	155,333,760 ordinary ⁽²⁾	161,293,760 ordinary	21.1%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non-voting deferred	165,000 non-voting deferred ⁽³⁾	–	330,000 non-voting deferred	–
Lai Yin Ping	The Company	Interest of spouse	–	8,000,000 ordinary ⁽⁴⁾	–	8,000,000 ordinary	1.0%
Wong Chun Nam, Duffy, J.P.	The Company	Beneficial owner	600,000 ordinary	–	–	600,000 ordinary	0.1%
Wong Man Lai, Stevie ⁽⁵⁾	The Company	Beneficial owner	1,874,000 ordinary	–	–	1,874,000 ordinary	0.25%

Notes:

- (1) These shares are registered in the name of Ms. Yu Lai Chu, Eileen, the wife of Mr. Tam Chie Sang.
- (2) These shares are registered in the name of Zinna Group Limited, a company incorporated in Hong Kong. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, a British Virgin Islands company which is 51% owned by Mr. Tam Chie Sang and 49% owned by his wife Ms. Yu Lai Chu, Eileen; both of them are directors of the Company.
- (3) These shares are registered in the name of Mr. Tam Chie Sang, the husband of Ms. Yu Lai Chu, Eileen.
- (4) These shares are registered in the name of Mr. Yu Kam Shui, Erastus, the husband of Ms. Lai Yin Ping.
- (5) Ms. Wong Man Lai, Stevie is the chief executive officer of the Company.

As at 31st March, 2014, save as disclosed above, none of the directors, chief executive or any of their associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares or debentures of the Company or any of its associated corporations as 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.

Share Options

Particulars of the Share Option Scheme are set out in note 15 to the condensed consolidated financial statements. No share options under the Share Option Scheme were granted, exercised, cancelled or lapsed during the current interim period nor outstanding as at 31st March, 2014.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, the chief executive, their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the period.

Substantial Shareholders' Interests

As at 31st March, 2014, the following persons and corporations, other than a director or chief executive of the Company as disclosed in the section "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures", had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or, who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Long position in the shares and underlying shares

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of voting power
Yu Lai Si ⁽¹⁾	Beneficial owner	166,113,760	21.7%
Zinna Group Limited ⁽²⁾	Interest of a controlled corporation	155,333,760	20.3%
Advance Favour Holdings Limited ⁽³⁾	Interest of a controlled corporation	77,666,880	10.2%
Billion Well Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	77,666,880	10.2%
Lai Yin Ling ^{(3)&(4)}	Beneficial owner	155,333,760	20.4%

Notes:

- (1) Ms. Yu Lai Si is the sister of Mr. Yu Kam Shui, Erastus and Ms. Yu Lai Chu, Eileen, the executive directors of the Company.
- (2) Zinna Group Limited is a company incorporated in Hong Kong. All of its voting rights are held by Royalion Worldwide Limited, a British Virgin Islands company which is 51% owned by Mr. Tam Chie Sang and 49% owned by his wife, Ms. Yu Lai Chu, Eileen; both of them are executive directors of the Company.
- (3) Advance Favour Holdings Limited is a British Virgin Islands company beneficially owned by Ms. Lai Yin Ling, sister of Ms. Lai Yin Ping, an executive director of the Company.
- (4) Billion Well Holdings Limited is a British Virgin Islands company beneficially owned by Ms. Lai Yin Ling, sister of Ms. Lai Yin Ping, an executive director of the Company.

Save as disclosed above and so far as the directors and the chief executive of the Company were aware of, as at 31st March, 2014, no other person (other than the directors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which would pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, the Company did not redeem any of its listed shares nor did the Company or its subsidiaries purchase or sell any such shares.

Corporate Governance

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code contained in Appendix 14 of the Listing Rules during the period under review.

Code Provision A.2.1

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same person. Presently, the Board does not have any director with the title "Chairman", but Mr. Yu Kam Shui, Erastus, an executive director, is carrying out the duty of the chairman. With effect from 2nd October, 2013, Ms. Wong Man Lai, Stevie has been appointed as the CEO of the Company and the Code Provision A.2.1 has been complied.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Following a specific enquiry by the Company, all directors confirmed that they complied with the Model Code for transactions in the Company's securities throughout the review period.

The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to Inside Information.

Update of Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the directors' information since the disclosure made in the Company's annual report 2013 is set out as follows:

- Prof. Wong Lung Tak, Patrick, B.B.S., J.P., was appointed as an independent non-executive director of Excel Development (Holdings) Limited, a company listed on the Stock Exchange, on 21st November, 2013.

By Order of the Board
Water Oasis Group Limited
Yu Kam Shui, Erastus
Executive Director

Hong Kong, 28th May, 2014

Corporate Information

Directors

Executive Directors

Yu Kam Shui, Erastus
Tam Chie Sang
Yu Lai Chu, Eileen
Lai Yin Ping

Independent Non-executive Directors

Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chun Nam, Duffy, J.P.
Wong Chi Keung

Audit Committee

Wong Lung Tak, Patrick, B.B.S., J.P. (*Chairman*)
Wong Chun Nam, Duffy, J.P.
Wong Chi Keung

Remuneration Committee

Wong Chun Nam, Duffy, J.P. (*Chairman*)
Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chi Keung

Investment Advisory Committee

Wong Chi Keung (*Chairman*)
Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chun Nam, Duffy, J.P.
Yu Kam Shui, Erastus

Nomination Committee

Wong Chi Keung (*Chairman*)
Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chun Nam, Duffy, J.P.

Disclosure Committee

Yu Kam Shui, Erastus (*Chairman*)
Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chun Nam, Duffy, J.P.
Wong Chi Keung

Company Secretary

Lee Pui Shan

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

Deacons
Reed Smith Richards Butler

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman
KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Cricket Square
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KY1-1111
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