Water **Oasis** Group Limited

奧思集團有限公司

Stock Code 股份代號：1161

Annual Report 2014

CONTENTS

Corporate Profile

Water Oasis Group Limited (the "Company" or "Water Oasis", together with its subsidiaries, collectively the "Group") is a leading beauty services provider and beauty product retailer in Hong Kong. Founded in 1998 and listed on the Main Board of The Stock Exchange of Hong Kong in 2002, from its beginnings the Group has been one of Hong Kong's most innovative companies in the industry, developed numerous "firsts". Coupling a clear vision with a constant impetus for development and transformation, the Group has expanded over the years into an esteemed provider of beauty services, along with a strong product portfolio of self-owned and licensed brands. Already a leading player in the territory, the Group aims to become a regional leader in its field across Greater China.

Oasis Portfolio

The Group's core beauty services, combined under its "Oasis" brand name, together make up a synergistic portfolio of beauty services and related wellness services. When put together, the various Oasis brands deliver a remarkably comprehensive all-round service and product offering that is unlike anything else being provided in the market. The Oasis range appeals to almost all significant consumer sectors, including high-end, mid-range and mass market clients, both male and female, as well as offering a full selection of general, specialist and medical beauty services.

As at 30th September 2014, the Group has 14 Oasis Beauty centres in Hong Kong, along with a further 4 Oasis Beauty centres in Beijing and Shanghai, and 1 franchised centre in Zhejiang in the PRC. The attractively presented centres serve middle-class customers looking for a mix of high quality skincare products and advanced beauty equipment administered by professional beauticians. In addition, 2 Aqua Beauty centres in Hong Kong offer value-added beauty services to VIP clients of Oasis Beauty, while an Oasis Homme centre delivers high-end one-stop facial and body treatments for men.

Meanwhile, the Group's 3 Oasis Spa centres provide outstanding beauty service and slimming experiences for high-end clients, offering advanced European beauty equipment and treatments in a luxuriously soothing environment. Each is equipped with world-class beauty machines, and staffed by highly trained professional beauticians.

The Group's 5 Oasis Medical Centres offer state-of-the-art medical aesthetic treatment under the careful oversight of registered medical doctors and professional therapists. The centres are fully equipped with the latest high-technology equipment, and provide safe, effective treatments for a wide range of skin issues.

Other related services operating under the Oasis brand are Oasis Mini Nail by Angelababy and Oasis Florist. The Oasis brand has great potential for new service businesses to be added in the future.

Glycel

Alongside its Oasis brands is the Group's self-owned Glycel brand, a reputable skincare brand recognized for its pioneering cell rejuvenation technology. Glycel adds a more international edge to the Group's beauty offerings, with cellular therapy and anti-aging products developed in Switzerland. Acquired in 2010 with worldwide distribution rights, the Group is expanding its Glycel brand presence in Hong Kong. It currently has 16 outlets which include a range of spas providing high-end beauty services within a resort-style ambience, along with outlets retailing the Swiss-made product range. Glycel is also moving into high-end beauty devices. In 2014, the flagship Glycel Premier Spa was opened in Central Hong Kong, creating luxury destination that is consolidating the brand's prestige among consumers.

Retail Distributor

Separately from its beauty services, the Group also retails and distributes selected high-quality, world-renowned skincare brands in Hong Kong. The retail business continues to be important in the Group's business portfolio. One of these is Erno Laszlo, for which it has held exclusive distributorship rights for Hong Kong since 2009. Erno Laszlo, the first doctor's skincare brand from New York, was founded in 1927 by renowned dermatologist Dr. Erno Laszlo, has long been embraced by global celebrities and Hollywood stars, who have included Marilyn Monroe, Audrey Hepburn and Grace Kelly. The Group operates 8 Erno Laszlo outlets in Hong Kong.

The Group is also distributor of products of h2o+, a marine-derived skincare brand from the United States. This is the Group's, foundational brand, and remains a prestigious skincare brand in Hong Kong with a strong and loyal customer base. There are currently 15 h2o+ retail outlets in prime Hong Kong locations. In Macau, the Group maintained its single Oasis Beauty Store, which sells h2o+ and Glycel brand products.

CEO's Statement

I am pleased to present the Group's results for 2013/14 in this annual report. Our overall business performance has been solid and profitable over the year, and that is both a cause for satisfaction, and a motivation for our future efforts. I would like to take this opportunity to share the vision for Water Oasis that we have developed and begun to apply over the past year. The steps we have taken to realize this vision are what have, I believe, driven this year's encouraging bottom line, and I expect that we will see them achieve an even greater transformation in both our Group's performance and our brand equity in the years to come.

Most significant has been the major rethinking we have undertaken over the past year on the best ways to leverage our "Strengthen the Core and Seed for the Future" theme to take our Group's businesses forward in innovative and effective ways. Changes are afoot, although this is not surprising for a company like Water Oasis. From the beginning the Group has been an innovator, introducing new concepts and testing new models. In a sense, we are simply continuing in the Group's proud tradition of constantly breaking new ground.

We began by recognizing the reality of our overall business mix of beauty services and brand product retailing. Although originally founded as a retail distribution company back in 1998, over time Water Oasis has expanded and diversified its business activities. Indeed, on the basis of the latest publicly available sales figures, our Group can lay claim to being one of the top listed companies in Hong Kong offering beauty services, indicating that we are a major player and giving us a very significant basis for further development in this lucrative market. This reality is shaping our planning for the future.

Another area of positive change in the past year has been the reorganization of a major cluster of our businesses under the Oasis brand. "Oasis" is a brand that has in fact been working for us well for several years in different sectors, including spa, beauty services, medical beauty, and a florist. We have taken a step forward this year however by recognizing the synergies between these businesses and capturing that in a major new brand repositioning exercise. Launched in August 2014, this exercise makes each of the Oasis brands an inter-related entity that shares a close and consistent brand identity with the others. The opportunities for cross-fertilization between the brand segments is immense, and we are further cultivating that with our launch of a single Oasis membership card which can be used by customers for any of our Oasis-branded business sectors. We are also implementing new ERP and human resources systems which are improving efficiency and cost-effectiveness in our day-to-day operations.

Over the next year or two, we intend to continue building our Oasis brand portfolio to an extent that will enable us to leverage the increased scale that comes with it. In fact this is already happening, with our opening of a new combined Oasis Medical Centre and Oasis Homme centre in the Entertainment Building in Central, located immediately adjacent to our flagship Glycel Premier Spa. This proximity is not only helping to expand consumer awareness of our range of businesses, but is also allowing us to introduce new efficiencies in terms of manpower and use of space – thus addressing some of the external challenges that all Hong Kong market players have to face.

The changes introduced during the year have been focused on quality rather than quantity. Our investment in new and more advanced beauty equipment for our spas and beauty centres, for example, has given them greater desirability and enhanced competitiveness. We have also spent considerable efforts on redefining our service flow and upgrading the VIP experience we offer, ensuring that all our visitors receive the kind of professionally rendered services that reflect our Group's service philosophy. These are ongoing efforts that will be carried forward into the year to come, accompanied by an exploration of new marketing channels and innovative methods for attracting new users.

With "Oasis" firmly established and repositioned as a coherent collective brand, it will become easy to slot in other services should they fit our desired profile, and currently we are actively exploring services that would sit well with the overall Oasis equity. We remain open to possibilities of partnerships and acquisitions that might help us extend our brand in the future, and we do have the resources available to move promptly if the right opportunities arise.

The steps we have taken in the past year have indeed rewarded the trust of our shareholders by achieving positive results. But this only represents the beginning of a fundamental shift in approach, one that will result in an integrated group of businesses that are profitable, sustainable, closely interrelated, and which will provide healthy long-term returns to our shareholders. The end of the process will see Water Oasis transformed from a retail distributor to a well-rounded service-driven group with a strong portfolio of self-owned brands and service entities. To move firmly in that direction, we will be building on the success of the past year and adopting a new motto for 2014/15 : "Strengthen the Momentum : Transform and Innovate". It is a motto that expresses our commitment to the path we are travelling in, while also restating our readiness to embrace innovation and change to achieve our goals.

Stevie Wong
Chief Executive Officer

Management Discussion and Analysis

For the year ended 30th September, 2014 ("the year"), the Group enjoyed solid success in achieving both top line and bottom line growth across its operations, as the success of its "Strengthen the Core, Seed for the Future" motto began to demonstrate itself. The Group recorded a rise in overall turnover of approximately 8.0% compared with its turnover for 2013, largely achieved in its core geographical market of Hong Kong. This represented a remarkable growth in momentum of sales by 5.3% and 10.6% for the first and second half of the year respectively when compared with that of the same period last year. This was primarily the result of the strong performance of its core beauty services segment, for which turnover rose by approximately 11.6%, with retail turnover remaining at a similar level to last year's. Turnover growth was also greater than Hong Kong's overall economic growth for the year, of just 2.2%. Gross profit margin showed an increase due to the greater contributions made by the Group's beauty services businesses and its higher-margin products, including its Glycel and Erno Laszlo brands. Basic earnings per share for the year amounted to 6.3 HK cents (2013: 4.5 HK cents).

As suggested by the contribution to turnover, the Group's core beauty services drove performance over the year, with the ratio of beauty services to retail standing at 70.5% to 29.5% by the end of the year, up from 68.2% to 31.8% at the same time last year. This change was also largely responsible for a further rise in the Group's gross profit margin, from 88.6% last year to 89.5% for the year under review. Each of the Group's major beauty service brands was able to achieve double-digit growth. Profit before taxation also grew by 69.5% for the year, as did profit for the year and profit for the year after setting aside all one-off factors, by 47.6% and 193.0% respectively. All in all, the Group's strategy of "strengthening the core" has translated into very satisfactory performances from its core business sectors for the year.

The challenge of managing ever-increasing rental prices in Hong Kong has remained over the past year, supplemented by Hong Kong's other perennial challenge, the pressure of rising labour costs. The Group's development of a raft of related service centres situated close to each other in the Entertainment Building in Central has helped addressing these issues by leveraging benefits of scale and proximity, for instance by enabling staff to be deployed across more than one operation. Overall, cost to revenue ratios in the various categories of staff costs, rental costs, head office overheads, marketing and PR expenses, have all remained stable year-on-year.

The Group further improved its bank balances and cash levels as at 30th September, 2014 to approximately HK$243.4 million, while its current ratio was 0.9:1 and its debt-equity ratio was 9.4%. The Board of Directors has recommended a final dividend of 5.0 HK cents per share, bringing the full-year dividend to 6.0 HK cents per share (2013: 4.0 HK cents).

Business Review

OASIS Portfolio

A major advance in the year for the Group was its "Oasis Group Restage Campaign", launched in August 2014. The Restage Campaign drew together all the businesses under the Oasis brand - both service and retail - into a single coherent and connected unity, playing on their inter-relationships and potential synergies to develop a coherent, well-rounded Oasis portfolio.

Brought together under the Oasis brand are the Group's key service-led businesses : its high-end spa business Oasis Spa, its mass-market beauty service business Oasis Beauty, its medical aesthetic treatment business Oasis Medical Centre, and its men's grooming treatment Oasis Homme. Supplementing these are Oasis Mini Nail by Angelababy and Oasis Florist.

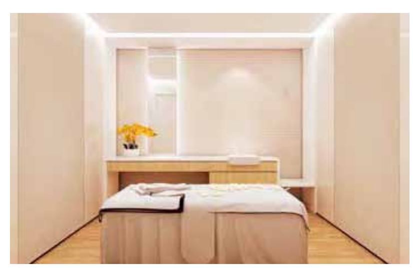
Oasis Beauty and Oasis Spa

The Group's high-end Oasis Spa business achieved turnover growth of approximately 11.3% in the year, while Oasis Beauty turnover jumped by 12.0% in Hong Kong. Recognizing the importance of remaining at the forefront of developments in the beauty business, the Group actively introduced several new and advanced treatment machines across its brands.

The number of the Group's service centres remained stable over the year. The number of its Oasis Beauty centres, made up of Oasis Beauty, Aqua Beauty and Oasis Homme centres, remained at 17 in Hong Kong, along with 4 self-managed PRC centres. A further 1 franchised Oasis Beauty centre opened in the PRC during the year (November 2013), in Zhejiang. In Macau, the Group maintained its single Oasis Beauty Store, which sells h_2o+ and Glycel brand products. Its other brands in the Oasis stable are all located in Hong Kong : they include 5 Oasis Medical Centres, 3 Oasis Spas, 1 Oasis Mini Nail by Angelababy and 1 Oasis Florist.

Oasis Medical Centre

This segment of the Group's Oasis portfolio enjoyed exceptional success over the year, achieving year-on-year turnover growth of approximately 10.6%. The Oasis Medical Centre concept was introduced by the Group in 2008, and has now begun to experience strong growth momentum as the effectiveness of its medical aesthetic treatments, which involve advanced technology and professional consultancy with doctors, have become more and more widely recognized. In October 2014, the Group opened a new Oasis Medical Centre in the Entertainment Building in Central, bringing this service into the heart of the city. This Oasis Medical Centre now has a high-profile presence and also enjoys synergies arising from its location adjacent to the Group's Glycel Premier Spa, and in the same building as its existing Oasis Spa. At year-end, the Group was operating 5 Oasis Medical Centres in Hong Kong.



Glycel

The Group's Glycel brand, acquired in 2010, is a self-owned brand offering a strategic mix of beauty treatment services and products. With spa as its core service, Glycel also includes an ever-broadening stable of high-end skincare products. Glycel performed well in Hong Kong throughout the year with turnover growth in retail and beauty services of approximately 8.6% and 18.9% respectively.

During the year, the Group relocated its Central branch of Glycel to a much larger location in the Entertainment Building in Central. The result is a new flagship Glycel Premier Spa for Central, sitting directly alongside an Oasis Medical Centre in a proximity that enables customers to enjoy a complete one-stop service. Covering an area almost three times larger than its other Glycel spas, the new Glycel Premier Spa is a taste of the future for the Glycel spa range. In September 2014, the Glycel Premier Spa introduced the new Stem Premier de Glycel treatment.

The Group also began to strategically expand its Glycel brand by introducing new and advanced technology under the brand. One highlight was the launch of the Glycel 42°C Mobile Skin Therapist device in April 2014. This unique portable skincare device is an attractive pocket sized beauty tool that combines multiples skincare functions in one; it heats to 42 degrees Celsius and offers electro-therapy, micro-vibration and colour therapy. Its compact size and elegant shape makes it the perfect device for mobile skincare therapy. It has proved a fast best-seller, with several batches having been sold out soon after supply, and has received extensive and positive media coverage.

By the end of the year, the Group was operating 16 Glycel outlets in Hong Kong, up from 14 at the same time last year. To better manage the potential of this brand for growth in Hong Kong, the Group decided to terminate its 2 Taiwan Glycel outlets, and also exit the PRC market by closing down its 5 self-managed and 1 franchised PRC Glycel outlets.

Erno Laszlo

The Group has worked hard to establish the premium Erno Laszlo brand, a well-respected high-end skincare brand from the United States. Erno Laszlo has a good user base among celebrities and other opinion formers. The Group has achieved solid success in establishing and growing the brand in Hong Kong, and in the year under review further accelerated sales to achieve excellent growth of approximately 24.5% through a series of successful brand promotion activities. In the first quarter of the year, the Group extended its distributorship agreement for Erno Laszlo in Hong Kong until 2020. By the end of the year, the Group was operating 8 Erno Laszlo outlets in Hong Kong, two more than at the same time last year. One of these was newly opened in March 2014 in the upmarket Taikoo Shing area.

h2o+

This, the Group's foundational brand for which it acquired distribution rights back in 1998, is a prestigious skincare brand from the United States which gives it access to a valuable market segment. One of the Group's focuses in the year under review was to rebuild the momentum of h2o+ in Hong Kong. A number of measures taken have been successful in reigniting local excitement for these unique marine-based skincare products. At the end of the year there were 15 h2o+ outlets in Hong Kong, compared with 16 at the same time last year. During the year, the Group surrendered its distribution rights for h2o+ in Singapore and closed its single h2o+ outlet there in order to refocus its resources fully on the Hong Kong market.

PROSPECTS

Over the past twelve months, the Group has taken a number of significant steps in terms of reorganizing and rationalizing its brand portfolio, refocusing its resources, identifying growth areas, and planning for consolidation and expansion. Perhaps the two that will prove most significant for driving growth in the short term are the Oasis brand relaunch in August 2014, and the opening of the flagship Glycel Premier Spa, Oasis Medical Centre and Oasis Homme in Central's Entertainment Building. The Group sees these moves as having major potential to capture new attention from the public, to firmly position its offerings as high-end professional services, and to make clear that it is a strong, diverse, and innovative beauty services provider in Hong Kong. Already one of the top listed companies for beauty services in Hong Kong, the Group believes that its initiatives can and will drive it to the next level of leadership, which is one of its primary goals.

The changes described above have been introduced quite recently, and the Group is still in the early stages of gauging response. Reactions to date have, however, been extremely positive, and the Group is confident that these developments will contribute to results over the coming year. As it settles into its role as a Hong Kong beauty services leader, the Group will begin also to plan for its longer-term goals of becoming widely recognized as a pioneering beauty company in the Greater China region and Asia generally, with a strong portfolio of both beauty services and product offerings. This will also involve exploring wholesale opportunities for each of its brands, and strengthening the Group's e-commerce platform, which at this stage has plenty of potential for further development. New channels for promoting each of its brands will also be explored; one such will be exposure on the new HKTV shopping channel, to be launched in December 2014.

The Group's motto of the past year, "Strengthen the Core and Seed for the Future", has been effectively applied in 2013/14. The year has not seen rapid expansion of service centres and retail outlets, but rather a carefully planned, deliberate strategy of increasing brand visibility and respect, focusing on strengths of quality and prestige, and channeling resources into places where they will achieve the best returns. The seed has indeed been sown for more selective, profitable expansion in the future, and the Group is convinced that the harvest ahead is one that will meet the expectations of all its investors and other stakeholders. This belief is captured in the Group's motto for the year ahead : "Strengthen the Momentum : Transform and Innovate".

Directors and Senior Management

DIRECTORS

EXECUTIVE DIRECTORS

Mr. YU Kam Shui, Erastus, aged 64, is one of the founders of the Group and the founder of the Group's Taiwan operation. Mr. Yu is the chairman of Disclosure Committee and a member of Investment Advisory Committee of the Company. He holds a Bachelor's Degree in Business Administration from the University of Hawaii. Mr. Yu started his career in trading in the United States in 1993. In 1999, Mr. Yu set up Water Babe Company Limited, through which the Group's Taiwan operations are run and is the managing director of that company. Mr. Yu is primarily responsible for the business development of the Group. Mr. Yu is the brother of Ms. Yu Lai Chu, Eileen, Ms. Lai Yin Ping's husband, the brother-in-law of Mr. Tam Chie Sang, the uncle of Mr. Tam Siu Kei, Alan and the father of Mr. Yu Ho Kwan, Steven.

Mr. TAM Chie Sang, aged 62, is one of the founders of the Group. He started his career in the retail and services industry in 1967 and once owned and managed a retail jewellery chain. Since 2006, Mr. Tam started building up his business in catering industry. Mr. Tam first became involved in the cosmetic and skincare businesses in 1993 and was, together with Ms. Yu Lai Chu, Eileen, the sole distributor for several well-known international brands before the founders set up the Group. Mr. Tam is primarily responsible for the strategic planning of the Group. Mr. Tam is a member of the Chinese People's Political Consultative Conference, Nanning City, Guangxi, the PRC and the former Officers Club Principal Adviser (Southern District) of Auxiliary Medical Service. Mr. Tam is the husband of Ms. Yu Lai Chu, Eileen, the brother-in-law of Mr. Yu Kam Shui, Erastus and Ms. Lai Yin Ping, the uncle of Mr. Yu Ho Kwan, Steven and the father of Mr. Tam Siu Kei, Alan.

Ms. YU Lai Chu, Eileen, aged 62, is one of the founders of the Group. Ms. Yu started her own realty agency business in 1984 and she managed a retail jewellery chain with Mr. Tam Chie Sang. In 1993, she entered into the cosmetic and skincare market. Ms. Yu and Mr. Tam Chie Sang acted as the sole distributor of a number of well-known international brands of cosmetics. Ms. Yu is primarily responsible for the business development of the Group with particular emphasis on the spa business. Ms. Yu is the sister of Mr. Yu Kam Shui, Erastus, the wife of Mr. Tam Chie Sang, the sister-in-law of Ms. Lai Yin Ping, the aunt of Mr. Yu Ho Kwan, Steven and the mother of Mr. Tam Siu Kei, Alan.

Ms. LAI Yin Ping, aged 59, is one of the founders of the Group. She holds a Bachelor's Degree in Arts with Economics as her major. Prior to founding the Group in May 1998, she co-founded a trading business with Mr. Yu Kam Shui, Erastus in the United States in 1993. Ms. Lai is primarily responsible for the strategic planning of the Group. Ms. Lai is the wife of Mr. Yu Kam Shui, Erastus, the sister-in-law of Mr. Tam Chie Sang and Ms. Yu Lai Chu, Eileen, the aunt of Mr. Tam Siu Kei, Alan and the mother of Mr. Yu Ho Kwan, Steven.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. WONG Lung Tak, Patrick, B.B.S., J.P., aged 66, is an independent non-executive director since 2001, the chairman of Audit Committee and the members of Disclosure Committee, Investment Advisory Committee, Nomination Committee and Remuneration Committee of the Company. Prof. Wong is a Practising Certified Public Accountant. He is the managing practising director of Patrick Wong CPA Limited and has over 30 years experience in the accountancy profession. Prof. Wong obtained a Doctor of Philosophy Degree in Business, was awarded a Badge of Honour in 1993 by the Queen of England. He has been appointed as a Justice of the Peace since 1998 and was awarded a Bronze Bauhinia Star (B.B.S.) in 2010 by The Government of the Hong Kong Special Administrative Region. Prof. Wong is currently an independent non-executive director of China Precious Metal Resources Holdings Co., Ltd., C C Land Holdings Limited, Galaxy Entertainment Group Limited, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (formerly Guangzhou Pharmaceutical Company Limited), Real Nutriceutical Group Limited, Sino Oil and Gas Holdings Limited, National Arts Entertainment and Culture Group Limited, Winox Holdings Limited, Excel Development (Holdings) Limited and BAIC Motor Corporation Limited, all are listed on The Stock Exchange of Hong Kong Limited.

Mr. WONG Chun Nam, Duffy, J.P., aged 61, is an independent non-executive director since 2001, the chairman of Remuneration Committee and members of Audit Committee, Disclosure Committee, Investment Advisory Committee and Nomination Committee of the Company. Mr. Wong is a partner of Ho, Wong & Wong Solicitors & Notaries, practising commercial, corporate and tax laws. Mr. Wong has been a practising solicitor in Hong Kong since 1982 and is also a Notary Public, a Chartered Secretary, a Certified Tax Adviser, an Accredited General Mediator and a member of the Chartered Institute of Arbitrators. He participates in many public services including being a Justice of the Peace, the Chief Adjudicator of Immigration Tribunal and the Chairman of the Quality Education Fund Steering Committee.

Dr. WONG Chi Keung, aged 59, is an independent non-executive director since 2004, the chairman of Investment Advisory Committee and Nomination Committee and members of Audit Committee, Disclosure Committee and Remuneration Committee of the Company. Dr. Wong holds a Doctorate Degree in Business and is a member of the Hong Kong Institute of Housing, Chartered Institute of Housing and Royal Institute of Chartered Surveyors. He is a fellow of both The Hong Kong Institute of Directors and the Hong Kong Institute of Real Estate Administrators. He is an honorary fellow of Guangxi Academy of Social Science as well as a member of the Chinese People's Political Consultative Conference, Nanning City, Guangxi, the PRC, and a Senior Assistant Commissioner of Hong Kong Auxiliary Medical Services. Dr. Wong has also held various senior executive positions with some of Hong Kong's leading property companies. Dr. Wong is currently the managing director of Y. T. Realty Group Limited and executive director of The Cross-Harbour (Holdings) Limited, both companies are listed on The Stock Exchange of Hong Kong Limited. Besides, he is a director of The Hong Kong School of Motoring Limited and an alternate director of Autotoll Limited.

SENIOR MANAGEMENT

Ms. WONG Man Lai, Stevie, aged 44, is the Chief Executive Officer of the Group starting from 2nd October, 2013. Ms. Wong has had more than 20 years of extensive leadership experience in management, marketing and sales, operations and product innovation with a strong track record of leading and developing successful beauty and skincare brand businesses in Greater China and Asia. Prior to joining the Group, she was the President of Greater China Beauty Care and then the President of Global Strategy and Innovation, Premium Consumer of a leading global consumer products and beauty care company. She was graduated from Chinese University of Hong Kong with a degree of Bachelor of Business Administration, majoring in Business Administration.

Mr. AU Moon Ying, Henry, aged 48, is the Chief Financial Officer of the Group. Prior to joining the Group since March 2007, Mr. Au has over 25 years of financial management, accounting, auditing, business planning and development experiences in various blue-chip listed companies and in an international accounting firm. He holds a Master Degree in Business Administration and a Bachelor Degree of Arts (Hons.) majoring in Accountancy. Mr. Au is a Chartered Accountant of The Institute of Chartered Accountants in England and Wales, a Practising Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants as well as an associate of the Institute of Canadian General Accountants.

Ms. KIU Wai Kei, Noel, aged 47, is the Human Resources Director of the Group. Ms. Kiu holds a Master Degree in Human Resources Management and a Bachelor Degree in Social Science. Prior to joining the Group in January 2011, Ms. Kiu has over 20 years of human resources experiences working for various reputable multinational corporations and Hong Kong listed companies as Regional and Group Human Resources Heads.

Ms. HO Shuk Kuen, Gloria, aged 42, is the Brand Director of the Group starting from 8th September, 2014. She is responsible for overseeing brand development, marketing, public relations and corporate communications of the Group. Ms. Ho has over 20 years of marketing, sales, public relations and brand general management experience in beauty and skincare business. She has all-round experience in total beauty business with strong business results. Prior to joining the Group, she had worked for leading multinational consumer and beauty care companies. Ms. Ho holds a Bachelor Degree of Business Administration (Hons.) from The Chinese University of Hong Kong, majoring in Marketing.

Mr. TAM Siu Kei, Alan, aged 37, is the Director – Group Operation. Joining the Group in 1999, Mr. Tam is currently in charge of retail and beauty services operations in Hong Kong, Macau, PRC, Taiwan and Singapore. Mr. Tam holds a Bachelor of Arts Degree in Contemporary English Language. Mr. Tam is the son of Mr. Tam Chie Sang and Ms. Yu Lai Chu, Eileen, the nephew of Mr. Yu Kam Shui, Erastus and Ms. Lai Yin Ping, all of which are directors of the Company. Mr. Tam is the cousin of Mr. Yu Ho Kwan, Steven, who is the Director – Mainland China.

Mr. YU Ho Kwan, Steven, aged 31, is the Director – Mainland China. He graduated from University of Wisconsin – Madison of United States of America, with a degree in Bachelor of Business Administration. Prior to joining the Group in January 2011, Mr. Yu had experiences in accounting and corporate finance areas working in international accounting firm and corporate finance firm. Mr. Yu obtained his Certified Public Accountant licence in the United States. Mr. Yu is the son of Mr. Yu Kam Shui, Erastus and Ms. Lai Yin Ping, the nephew of Mr. Tam Chie Sang and Ms. Yu Lai Chu, Eileen, all of which are directors of the Company. Mr. Yu is the cousin of Mr. Tam Siu Kei, Alan, who is the Director – Group Operation.

Corporate Governance Report

The board of directors (the "Board") is pleased to present this corporate governance report in the Company's annual report for the year ended 30th September, 2014.

The Board is committed itself to enhance the standard of corporate governance practices and business ethics with the firm belief that they are essential for maintaining and promoting investors' confidence and maximising shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellent corporate governance.

CORPORATE GOVERNANCE

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules" respectively) throughout the year ended 30th September, 2014.

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 with.

BOARD OF DIRECTORS

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. Presently, the company secretary is responsible for ensuring that all directors are properly briefed, either by her or by members of the Company's senior management, on issues arising at Board meetings. The Board delegates its authority and responsibilities to the senior management for the day-to-day management and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions being entered into by the senior management.

All directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the company secretary, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate, at the Company's expense.

BOARD COMPOSITION

As at 30th September, 2014 and up to the date of this annual report, the Board comprises four executive directors and three independent non-executive directors from different business and professional fields. The profile of each director is set out in the "Directors and Senior Management" section in this annual report. The directors, including the independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions.

The Company has received an annual confirmation from each of the independent non-executive directors of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors to be independent.

The independent non-executive directors are appointed for specific terms and their terms of office shall expire at the third annual general meeting (the "AGM") after the last appointment and may be renewed subject to the shareholders' approval at such AGM. Under the articles of association of the Company (the "Articles of Association"), at each AGM one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall be subject to retirement by rotation. Retiring directors are eligible for re-election at the AGM at which they retire. Also, under the code provisions of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At the forthcoming AGM, Mr. Yu Kam Shui, Erastus, Ms. Yu Lai Chu, Eileen and Ms. Lai Ying Ping will retire as directors and, being eligible, offer themselves for re-election.

The family relationships among the Board members, if any, are disclosed under "Directors and Senior Management" section in this annual report.

The Company has arranged Directors' and Officers' Liability Insurance for the directors and officers of the Company.

BOARD DIVERSITY

The Board has adopted a board diversity policy (the "Policy") effective in August 2013.

VISION

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

POLICY STATEMENT

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

MEASURABLE OBJECTIVES

Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

MONITORING AND REPORTING

The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

BOARD AND BOARD COMMITTEE MEETINGS

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Regular Board meetings are held at regular intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The Board met twelve times during the year ended 30th September, 2014.

PRACTICES AND CONDUCT OF MEETINGS

The Board is responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions, risk management and internal control systems, and monitoring the performance of the senior management. The day-to-day management, administration and operations of the Company are delegated to the CEO and the senior management.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. For committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and Board papers together with all appropriate, complete and reliable information are normally sent to all directors before each Board meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given the opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to the senior management whenever necessary.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the secretary of the meetings and are open for inspection by the directors.

The composition of the Board and the attendance of individual members of the Board and Board committees meetings during the year ended 30th September, 2014 are set out in the table below:

	Number of meetings attended/held						
Directors	Board	Audit Committee	Remuneration Committee	Investment Advisory Committee	Nomination Committee	Disclosure Committee	Annual General Meeting
Executive directors							
YU Kam Shui, Erastus	12/12	–	–	1/1	–	1/1	1/1
TAM Chie Sang	12/12	–	–	–	–	–	1/1
YU Lai Chu, Eileen	11/12	–	–	–	–	–	1/1
LAI Yin Ping	12/12	–	–	–	–	–	1/1
Independent non-executive directors							
WONG Lung Tak, Patrick, B.B.S., J.P.	12/12	2/2	2/2	1/1	1/1	1/1	1/1
WONG Chun Nam, Duffy, J.P.	12/12	2/2	2/2	1/1	1/1	1/1	1/1
WONG Chi Keung	12/12	2/2	2/2	1/1	1/1	1/1	1/1

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT PROGRAMME

Pursuant to the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company has put in place an on-going training and professional development programme for directors.

During the year ended 30th September, 2014, all directors of the Company namely, Mr. Yu Kam Shui, Erastus, Mr. Tam Chie Sang, Ms. Yu Lai Chu, Eileen, Ms. Lai Yin Ping, Prof. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung received regular briefings, seminars, conference and/or updates relevant to the Group's business, operations, risk management, corporate governance, directors' duty and responsibilities, and other relevant topics. Materials on new or salient changes to laws and regulations applicable to the Group were provided to the directors. All directors have provided the Company with their respective training records pursuant to the CG Code.

BOARD COMMITTEES

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board has established five Board committees, namely Audit Committee, Remuneration Committee, Investment Advisory Committee, Nomination Committee and Disclosure Committee. Independent non-executive directors play an important role in these committees to ensure that independent and objective views are expressed and to promote critical review and control.

AUDIT COMMITTEE

The Audit Committee comprises all of the three independent non-executive directors, namely Prof. Wong Lung Tak, Patrick, B.B.S., J,P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung, and is chaired by Prof. Wong Lung Tak, Patrick, B.B.S., J.P., a qualified accountant with extensive experience in financial reporting and controls. It is responsible for appointment of 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. It meets regularly to review financial reporting and internal control matters and to this end, has unrestricted access to the Company's external auditor. Its terms of reference are available on the respective websites of the Stock Exchange and the Company.

To comply with the requirement under the CG Code in respect of the responsibilities for performing the corporate governance duties, 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 CG Code contained in the Listing Rules and disclosures in the corporate governance report.

During the year ended 30th September, 2014, two meetings were held by the Audit Committee. At the meetings, it reviewed the annual results for 2013 and the interim results for 2014 respectively with the external auditor and also the activities of the Group's internal control functions.

It also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26th June, 2006 with its written terms of reference revised on 22nd March, 2012. The members of the Remuneration Committee comprises all independent non-executive directors of the Company, namely Prof. Wong Lung Tak, Patrick, B.B.S., J,P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung, 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.

The Remuneration Committee meets at least once a year for reviewing the remuneration policy and structure and recommending the annual remuneration packages of the executive directors and the senior executives and other related matters. Its terms of reference are available on the respective websites of the Stock Exchange and the Company.

REMUNERATION COMMITTEE (Continued)

During the year ended 30th September, 2014, two Remuneration Committee meetings were held.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 30th September, 2014 is set out below:

Remuneration band (HK$)	Number of individuals
Nil to 1,000,000	2
1,000,001 – 2,000,000	1
2,000,001 – 3,000,000	2
3,000,001 or above	1

Further particulars regarding directors and chief executive's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 16 to the financial statements as set out on pages 68 to 69 of this annual report.

INVESTMENT ADVISORY COMMITTEE

To establish better control on the Group's investment portfolio, an Investment Advisory Committee was established on 15th November, 2007. The members of the Investment Advisory Committee comprise all 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 this 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. Its terms of reference are available on the website of the Company.

During the year ended 30th September, 2014, one Investment Advisory Committee meeting was held.

NOMINATION COMMITTEE

To comply with the CG Code, a Nomination Committee was established on 22nd March, 2012 with its terms revised on 7th August, 2013. The members of the Nomination Committee comprises all independent non-executive directors of the Company, namely Prof. Wong Lung Tak, Patrick, B.B.S., J,P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung, and is chaired by Dr. Wong Chi Keung.

The Nomination Committee is responsible for making recommendations to the Board on nominations, appointment or reappointment of directors and Board succession. The principal duties of the Nomination Committee include reviewing the structure, size, diversity and composition (including the skills, knowledge and experience) of the Board at least annually, 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 accessing the independence of independent non-executive director. Its terms of reference are available on the respective websites of the Stock Exchange and the Company.

During the year ended 30th September, 2014, one Nomination Committee meeting was held.

DISCLOSURE COMMITTEE

To enhance timely disclosure of inside information as defined under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), a Disclosure Committee with written terms of reference was established by the Board on 10th January, 2013.

Mr. Yu Kam Shui, Erastus, who is an executive director of the Company, has been appointed as the chairman of the Disclosure Committee. Prof. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P., Dr. Wong Chi Keung, the independent non-executive directors of the Company, have also been appointed as members of the Disclosure Committee.

The Disclosure Committee is responsible for considering and making recommendations to the Board in relation to disclosure policy and guidelines regarding inside information (as defined under the SFO) (the "Inside Information") of the Company; and making 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; and considering other topics, as defined by the Board.

During the year ended 30th September, 2014, one Disclosure Committee meeting was held.

AUDITOR'S REMUNERATION

Deloitte Touche Tohmatsu has been re-appointed as the independent auditor of the Company by shareholders at the last AGM.

The remuneration paid or payable to the Group's independent auditor, Deloitte Touche Tohmatsu, and its affiliated firms, for services rendered for the year ended 30th September, 2014 is broken down below:

	2014 HK$'000
Statutory audit	**1,424**
Non-audit services	**517**
Total	**1,941**

The non-audit services mainly comprised tax compliance, interim review service and certain agree-upon-procedure work.

The responsibilities of the independent auditor with respect to the consolidated financial statements for the year ended 30th September, 2014 are set out in the section "Independent Auditor's Report" on pages 33 to 34 of this annual report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and suitable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the financial statements are prepared on a going concern basis.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Board, with the assistance of Mark K. Lam & Co., assessed the effectiveness of the Group's internal control system which covered all material controls, including financial, operational and compliance controls as well as risk management functions during the year ended 30th September, 2014. No major issue was raised for improvement.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 Listing Rules. Starting from 13th February, 2012, the Company had designated directors for the purpose of receiving notification and providing acknowledgment in respect of dealing in securities of the Company under Rule B.8 of the Model Code in accordance with a stipulated memorandum detailing notification procedures to ensure compliance with the Model Code by the directors. Following a specific enquiry by the Company, each of the directors confirmed that he/she complied with the Model Code for transactions in the Company's securities throughout the year ended 30th September, 2014.

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

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. Lee Pui Shan ("Ms. Lee"), a full time employee of the Company. Ms. Lee has confirmed that she had received no less than 15 hours of relevant professional training for the year ended 30th September, 2014, in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT

HOW SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Such a requisition must be signed by the shareholder(s).

THE PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD AND SUFFICIENT CONTACT DETAILS TO ENABLE THESE ENQUIRIES TO BE PROPERLY DIRECTED

Shareholders and other stakeholders may send their enquires and concerns to the Board by addressing them to the company secretary. The company secretary will forward the enquires or concerns to the CEO or chairman of the Board committees or senior management as appropriate within their area of responsibilities for handling.

THE PROCEDURES AND SUFFICIENT CONTACT DETAILS FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the company secretary by written requisition. Pursuant to the Articles of Association, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "How Shareholders Can Convene An Extraordinary General Meeting" above.

INVESTOR RELATION

There was no amendment made to the constitutional documents of the Company during the year ended 30th September, 2014.

Directors' Report

The directors of the Company present the Directors' Report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30th September, 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in the distribution of h_2o+ brand skincare products in Hong Kong and Macau and the distribution of Erno Laszlo brand skincare products in Hong Kong. In addition, some of its principal subsidiaries own and are engaged in the distribution of Glycel brand skincare products in Hong Kong and Macau. Certain of its principal subsidiaries also are engaged in the operation of spa and beauty centres in Hong Kong under the brand names "Oasis Spa", "Oasis Beauty", "Aqua Beauty", "Oasis Homme", "Oasis Medical Centre" and "Glycel Skin Spa" and beauty centres in PRC under the name of "Oasis Beauty", which provide a full spectrum of professional beauty services.

Details of the Company's principal subsidiaries at 30th September, 2014 are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th September, 2014 are set out in the consolidated statement of profit or loss on page 35.

The directors have recommended a final dividend of 5.0 HK cents per share for the year ended 30th September, 2014 payable to shareholders whose names appear on the register of members of the Company at the close of business on 25th February, 2015. Subject to the passing of the relevant resolution at the forthcoming AGM, the final dividend will be payable on 12th March, 2015.

SHARE CAPITAL

Details of the Company's authorised and issued share capital as at 30th September, 2014 are set out in note 29 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity to the consolidated financial statements on page 39.

INVESTMENT PROPERTIES

The values of the investment properties as at 30th September, 2014 were measured using the fair value model, details of which are set out in note 19 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group are set out in note 20 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 91.

DIRECTORS AND DIRECTORS' SERVICES AGREEMENTS

The directors of the Company who held office during the year and up to the date of this annual report were:

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

In accordance with Articles 87(1) and (2) of the Articles of Association and the code provision A.4.2 of the CG Code, Mr. Yu Kam Shui, Erastus, Ms.Yu Lai Chu, Eileen and Ms. Lai Yin Ping will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

The Company considers that Prof. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung are independent pursuant to the criteria set out in the Listing Rules and that confirmations of independence have been received from each of them.

All directors of the Company are subject to retirement by rotation as required by the Articles of Association and the code provision of CG Code.

Each of the executive directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on 1st October, 2001 and shall continue thereafter until terminated by either party giving to the other party not less than three calendar months' prior notice in writing. Each of the independent non-executive directors has entered into an appointment letter with the Company with specific term.

Except for the above, none of the directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company or any of the subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 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 (i) 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 (ii) pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to 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: Personal interests	Family interests	Corporate interests	Total	Approximate percentage of issued share capital
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 controlled corporations 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 controlled corporations	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%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

LONG POSITION IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

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 executive 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 CEO of the Company.

As at 30th September, 2014, save as disclosed therein, none of the directors, chief executive or any of their close 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 Company's share option scheme are set out in note 30 to the consolidated financial statements. On 24th February, 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), which replaced the old share option scheme that was expired on 22nd January, 2012. No share options under the Share Option Scheme were granted, exercised, cancelled or lapsed during the year nor outstanding as at 30th September, 2014.

Other than as disclosed above, at no time during the year 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 year ended 30th September, 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th September, 2014, the following persons and corporations, other than a director or the 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 were, 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)]	Registered owner	155,333,760	20.3%
Advance Favour Holdings Limited[(3)]	Registered owner	77,666,880	10.2%
Billion Well Holdings Limited[(4)]	Registered owner	77,666,880	10.2%
Lai Yin Ling[(3) & (4)]	Interest of controlled corporations	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, both being 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 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 30th September, 2014, no other person (other than the directors and 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.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year ended 30th September, 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

There were no competing business of which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 30th September, 2014 which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

The connected transactions, if any, were made in accordance with the Company's compliance and disclosure policies and were qualified for de minimis exemptions of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30th September, 2014, the aggregate purchases attributable to the Group's five largest suppliers and largest supplier represented approximately 64.1% and 28.7% of the Group's total purchase respectively, whereas the aggregate turnover attributable to the Group's five largest customers was less than 1.0% of the Group's total turnover.

At all time during the year ended 30th September, 2014, none of the directors, their close associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers or suppliers.

DISTRIBUTABLE RESERVES

As at 30th September, 2014, the distributable reserves of the Company amounted to approximately HK$51.9 million (2013: HK$36.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity and financial resources position continues to remain strong. Its cash and bank deposits as at 30th September, 2014 amounted to approximately HK$243.4 million (2013: HK$184.7 million). The Group generally finances its operation with internally generated resources.

As at 30th September, 2014, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK$302.7 million (2013: HK$276.5 million), was approximately 9.4% (2013: 11.4%).

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 30th September, 2014.

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 30th September, 2014.

EMPLOYEES AND REMUNERATION

As at 30th September, 2014, the Group employed 809 staff (as at 30th September, 2013: 853 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group performance. 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of the listed securities of the Company nor did the Company or any of its subsidiaries purchase or sell such securities during the year ended 30th September, 2014.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any rights in relation to convertible securities, options, warrants or similar rights during the year ended 30th September, 2014.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association although there is no restriction against such rights under the Companies Law of the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained during the year ended 30th September, 2014, the amount of public float as required under the Listing Rules.

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 has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 30th September, 2014 with management and discussed with the independent auditor on auditing, internal control and financial reporting matters in respect of this report.

AUDITOR

The accompanying consolidated financial statements have been audited by Deloitte Touche Tohmatsu who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM.

On Behalf of the Board

YU Kam Shui, Erastus
Executive Director

Hong Kong, 16th December, 2014

Independent Auditor's Report

Deloitte.
德勤

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太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE MEMBERS OF WATER OASIS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Water Oasis Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 90, which comprise the consolidated statement of financial position as at 30th September, 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30th September, 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 16th December, 2014

Consolidated Statement of Profit or Loss

		FOR THE YEAR ENDED 30TH SEPTEMBER,	
	Notes	**2014 HK$'000**	2013 HK$'000
Turnover	8	**679,049**	628,971
Purchases and changes in inventories of finished goods		**(71,534)**	(71,493)
Other income		**8,303**	7,953
Other gains or losses	9	**7,073**	29,299
Staff costs	15	**(279,269)**	(282,255)
Depreciation of property and equipment		**(24,331)**	(23,295)
Finance costs	10	**(646)**	(4,264)
Other expenses		**(253,415)**	(246,431)
Profit before taxation		**65,230**	38,485
Taxation	11	**(19,666)**	(7,605)
Profit for the year	12	**45,564**	30,880
Profit for the year attributable to:			
Owners of the Company		**47,930**	34,259
Non-controlling interests		**(2,366)**	(3,379)
		45,564	30,880
Earnings per share			
Basic and diluted	13	**6.3 HK cents**	4.5 HK cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	FOR THE YEAR ENDED 30TH SEPTEMBER,	
	2014	2013
	HK$'000	HK$'000
Profit for the year	**45,564**	30,880
Other comprehensive (expense) income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(181)**	2,552
Total comprehensive income for the year	**45,383**	33,432
Total comprehensive income for the year attributable to:		
Owners of the Company	**47,704**	36,719
Non-controlling interests	**(2,321)**	(3,287)
	45,383	33,432

Consolidated Statement of Financial Position

AS AT 30TH SEPTEMBER,

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Intangible assets	17	**59,389**	59,484
Goodwill	18	**3,012**	3,012
Investment properties	19	**229,478**	222,734
Property and equipment	20	**38,482**	43,942
Rental deposits	21	**34,745**	34,862
Deferred tax assets	32	**5,380**	11,302
		370,486	375,336
Current assets			
Inventories	22	**34,143**	48,957
Trade receivables	23	**25,662**	24,318
Prepayments		**47,348**	40,171
Tax recoverable		**287**	–
Other deposits and receivables		**12,766**	10,205
Bank balances and cash	24	**243,367**	184,708
		363,573	308,359
Current liabilities			
Trade payables	25	**8,473**	6,801
Accruals and other payables		**79,836**	72,860
Receipts in advance	26	**287,407**	272,494
Secured mortgage loan – due within one year	28	**2,930**	3,102
Tax payable		**16,057**	10,873
		394,703	366,130
Net current liabilities		**(31,130)**	(57,771)
Total assets less current liabilities		**339,356**	317,565

Consolidated Statement of Financial Position
(Continued)

	Notes	2014 HK$'000	2013 HK$'000
		AS AT 30TH SEPTEMBER,	
Capital and reserves			
Share capital	29	**76,395**	76,395
Reserves		**220,366**	191,761
Equity attributable to owners of the Company		**296,761**	268,156
Non-controlling interests		**5,983**	8,304
Total equity		**302,744**	276,460
Non-current liabilities			
Pension obligations	31	**–**	116
Secured mortgage loan – due after one year	28	**25,551**	28,481
Deferred tax liabilities	32	**11,061**	12,508
		36,612	41,105
		339,356	317,565

The consolidated financial statements on pages 35 to 90 were approved and authorised for issue by the Board of Directors on 16th December, 2014 and are signed on its behalf by:

TAM Chie Sang
Executive Director

YU Kam Shui, Erastus
Executive Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Capital reserve [a] HK$'000	Capital redemption reserve HK$'000	Statutory fund reserve [b] HK$'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	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 year	–	–	–	–	–	–	–	–	34,259	34,259	(3,379)	30,880
Exchange differences arising on translation of foreign operations	–	–	2,460	–	–	–	–	–	–	2,460	92	2,552
Total comprehensive income for the year	–	–	2,460	–	–	–	–	–	34,259	36,719	(3,287)	33,432
2012 final dividend paid	–	–	–	–	–	–	–	–	(30,558)	(30,558)	–	(30,558)
2013 interim dividend paid	–	–	–	–	–	–	–	–	(19,099)	(19,099)	–	(19,099)
Transfer to retained profits upon expiry of share options	–	–	–	–	–	–	(35,305)	–	35,305	–	–	–
Transfer to retained profits upon redemption of convertible bond	–	–	–	–	–	–	–	(1,610)	1,610	–	–	–
Release of deferred tax assets upon redemption of convertible bond	–	–	–	–	–	–	–	263	–	263	–	263
	–	–	–	–	–	–	(35,305)	(1,347)	(12,742)	(49,394)	–	(49,394)
At 30th September, 2013	76,395	38,879	24,459	(1,766)	450	1,797	–	–	127,942	268,156	8,304	276,460
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**47,930**	**47,930**	**(2,366)**	**45,564**
Exchange differences arising on translation of foreign operations	**–**	**–**	**(226)**	**–**	**–**	**–**	**–**	**–**	**–**	**(226)**	**45**	**(181)**
Total comprehensive income for the year	**–**	**–**	**(226)**	**–**	**–**	**–**	**–**	**–**	**47,930**	**47,704**	**(2,321)**	**45,383**
2013 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,459)**	**(11,459)**	**–**	**(11,459)**
2014 interim dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,640)**	**(7,640)**	**–**	**(7,640)**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(19,099)**	**(19,099)**	**–**	**(19,099)**
At 30th September, 2014	**76,395**	**38,879**	**24,233**	**(1,766)**	**450**	**1,797**	**–**	**–**	**156,773**	**296,761**	**5,983**	**302,744**

(a) The capital reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation on 23rd January, 2002 and the nominal value of the Company's shares issued in exchange thereof.

(b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), certain subsidiaries of the Company in the PRC are required to maintain a statutory fund reserve which is non-distributable. Transfer to this reserve fund are made out of profit after taxation of the subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC.

Consolidated Statement of Cash Flows

	FOR THE YEAR ENDED 30TH SEPTEMBER,	
	2014 HK$'000	2013 HK$'000
Operating activities		
Profit before taxation	**65,230**	38,485
Adjustments for:		
Allowance for doubtful debts	**–**	292
Amortisation of intangible assets	**259**	340
Depreciation of property and equipment	**24,331**	23,295
Gain on fair value change of investment properties	**(6,744)**	(32,514)
Interest expense on secured mortgage loan	**646**	706
Effective interest expense on convertible bond	**–**	3,558
Interest income on bank deposits	**(1,216)**	(2,833)
(Gain) loss on disposal/write-off of property and equipment	**(119)**	1,359
Loss on fair value change of an investment property	**–**	960
Write-down of inventories	**1,119**	–
Operating cash flows before movements in working capital	**83,506**	33,648
Decrease (increase) in inventories	**13,695**	(16,172)
(Increase) decrease in trade receivables	**(1,362)**	11,142
(Increase) decrease in rental deposits, prepayments, other deposits and receivables	**(10,021)**	14,452
Increase in trade payables	**1,693**	1,859
Increase (decrease) in accruals and other payables	**7,034**	(22,309)
Increase in receipts in advance	**14,922**	9,199
Decrease in liabilities associated with asset classified as held-for-sale	**–**	(168)
Decrease in pension obligations	**(116)**	(54)
Cash generated from operations	**109,351**	31,597
Hong Kong Profits Tax paid	**(9,702)**	(17,251)
Other jurisdictions tax paid	**(125)**	(1,064)
Net cash from operating activities	**99,524**	13,282

Consolidated Statement of Cash Flows
(Continued)

	For the year ended 30th September, 2014 HK$'000	2013 HK$'000
Investing activities		
Purchase of property and equipment	**(19,148)**	(25,125)
Increase in intangible assets	**(164)**	(38)
Proceeds on disposal of asset classified as held for sale	**–**	25,000
Proceeds on disposal of an investment property	**–**	14,000
Interest received on bank deposits	**1,131**	2,833
Proceeds on disposal of property and equipment	**390**	161
Net cash (used in) from investing activities	**(17,791)**	16,831
Financing activities		
Dividends paid	**(19,099)**	(49,657)
Redemption of convertible bond	**–**	(48,020)
Repayment of secured mortgage loan	**(3,102)**	(2,802)
Interest paid on convertible bond	**–**	(1,945)
Interest paid on secured mortgage loan	**(701)**	(706)
Cash used in financing activities	**(22,902)**	(103,130)
Net increase (decrease) in cash and cash equivalents	**58,831**	(73,017)
Cash and cash equivalents at beginning of the year	**184,708**	255,170
Effect of foreign exchange rate changes	**(172)**	2,555
Cash and cash equivalents at end of the year, represented by bank balances and cash	**243,367**	184,708

Notes to the Consolidated Financial Statements

1. GENERAL

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 of this annual report. Its issued shares 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 are principally engaged in the distribution of skincare products in Hong Kong, Macau, Taiwan, Singapore and the PRC and the operation of beauty salons, spa and medical beauty centres in Hong Kong and the PRC during the year.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis as at 30th September, 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA") for the first time.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

New and revised standards on consolidation, associates and disclosures

In the current year, the Group has applied for the first time the package of standards on consolidation, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to HKFRS 10 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

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 directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1st October, 2013) as to whether or not the Group has control over its group companies in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that the Company has had control over its subsidiaries since the Company has ability to use its power over the subsidiaries, rights to variable returns from its involvement with the subsidiaries and to affect the return of the subsidiaries. Accordingly, the application of HKFRS 10 has had no impact to the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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 (see note 19 for the disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

The following new and revised HKFRSs are relevant to the Group that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[3]
HKFRS 15	Revenue from Contracts with Customers[4]

[1] Effective for annual periods beginning on or after 1st July, 2014, with early application permitted.

[2] Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

[3] Effective for annual periods beginning on or after 1st January, 2016.

[4] Effective for annual periods beginning on or after 1st January, 2017.

The Group has not yet applied the new and revised standards, amendments and interpretations that have been issued but are not yet effective. The Group is currently exploring the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the consolidated financial statements or not.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it control an investee if facts and circumstance indicate that there are changes to one or more of the three elements of control listed above.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive (expense) income and accumulated in equity under the heading of exchange reserve.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

Intangible assets acquired separately

Expenditure on acquiring licenses for sale of products is carried at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for such licenses is provided on a straight-line method over the license period.

Intangible assets acquired in a business combination

Trademarks acquired in a business combination are recognised separately from goodwill as they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are initially recognised at their fair values at the acquisition date.

The Group's trademarks are of indefinite useful lives. Accordingly, subsequent to initial recognition, trademarks are carried at cost less any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment Losses on Tangible and Intangible Assets other than Goodwill

(For impairment loss on goodwill, please see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Convertible bond

Convertible bond issued by the Group that contains both the liability and conversion option components is classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bond equity reserve).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Convertible bond (Continued)

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the embedded option is exercised, in which case the balance stated in convertible bond equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to their relative fair values. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Other financial liabilities

Other financial liabilities including trade payables, other payables and secured mortgage loan are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents invoiced value on purchases and is calculated on a weighted-average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its asset and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Pension obligations

The Group's subsidiaries in Hong Kong and the PRC participate in relevant defined contribution schemes, the assets of which are held separately from those of the Group in independently administered funds. Contributions are made to these schemes based on a certain percentage of the applicable payroll costs. The contributions are expensed when employees have rendered services entitling them to the contributions.

The Group's subsidiary in Taiwan participates in a defined benefit pension plan for employees who joined before 1st July, 2005 in accordance with the local statutory regulations. Pension costs are determined using the projected unit credit cost method, with actuarial valuation being carried out at the end of the reporting period. The pension obligations are measured as the present value of the estimated future cash outflows using discount rate based on the rate of return on high-quality fixed-income investments in Taiwan which have terms to maturity approximating the terms of the related liability as adjusted for unrecognised actuarial gains or losses and unrecognised past service cost and as reduced by the fair value of plan assets. Actuarial gains and losses which exceed 10% of the greater of the present value of the Group's pension obligations and fair value of plan assets are amortised over the expected average remaining service lives of employees. Past service costs are recognised as expenses on a straight-line basis over the average period until the benefits become vested. The contributions are charged to profit or loss in the period to which the contributions relate.

Share-based compensation

Share options issued in exchange for goods or services are measured at their fair values of the goods or services received, unless that fair value cannot be reliably measured, in which cases the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Sales of goods that resulted in award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits expired or are redeemed and the Group's obligations have been fulfilled.

Receipts from the sale of gift and drink coupons are recorded as liabilities. Such receipts are recognised as revenue when the coupons are redeemed for products or upon the coupon expiry date.

Revenue from rendering of services is recognised when the services are rendered. Fees received in advance for prepaid packages are recorded as liabilities and are recognised on a systematic basis in accordance with service usage. Upon expiry of prepaid packages, the corresponding receipts in advance are fully recognised as revenue.

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of Assets

The Group conducts impairment reviews of assets (including goodwill and intangible assets) whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Depreciation

The Group's carrying value of leasehold improvements as at 30th September, 2014 was approximately HK$23,657,000 (2013: HK$27,868,000). The Group's management determines the estimated useful lives based on the historical experiences of the actual useful lives of property and equipment of similar nature, functions and the likelihood of renewal of the relevant leases and to depreciate these assets accordingly. It could change significantly as a result of store renovation and relocation. Management will increase the depreciation charge where the current estimated useful lives are less than previously estimated useful lives.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair Value of Investment Properties

Investment properties were carried at its fair value in the consolidated statement of financial position as at 30th September, 2014. Details of which are disclosed in note 19. The fair value of the investment properties were determined by reference to valuations conducted on these properties by independent firms of property valuers using property valuation techniques which involve certain assumptions. Favorable or unfavorable changes to these assumptions may result in changes in the fair value of the Group's investment properties and corresponding adjustments to the changes in fair value reported in the consolidated statement of profit or loss and the carrying amount of the properties included in the consolidated statement of financial position.

Recoverability of Deferred Tax Assets

At the end of the reporting period, the Group had unused tax losses of approximately HK$160,740,000 (2013: HK$157,823,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK$10,553,000 (2013: HK$37,714,000) of such losses. Determining whether deferred tax assets with carrying amounts of approximately HK$2,307,000 as at 30th September, 2014 (2013: HK$8,804,000) can be recovered requires an estimation of the availability of sufficient taxable profits which allows the deferred tax assets to be recovered. The recoverability of deferred tax assets requires the Group to estimate the probability of taxable profits expected to arise from future operations. At the end of each reporting period, management evaluates the recoverability of deferred tax assets by way of profit forecast when necessary.

Useful Lives of Intangible Assets

As at 30th September, 2014, the carrying amounts of the Group's intangible assets with definite and indefinite useful lives were approximately HK$493,000 (2013: HK$588,000) and HK$58,896,000 (2013: HK$58,896,000), respectively. The estimated useful lives of the assets reflect the directors' estimate of the periods over which the intangible assets are expected to generate net cash flows for the Group based on certain assumptions of prevailing market conditions. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expenses and impairment losses in future years. Details of the intangible assets are set out in note 17.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt as disclosed in note 28 and equity attributable to owners of the Company, comprising share capital, share premium, exchange reserve, capital reserve, capital redemption reserve, statutory fund reserve, share options reserve, convertible bond equity reserve and retained profits as disclosed in the consolidated financial statements.

6. CAPITAL RISK MANAGEMENT (Continued)

The directors of the Company review the capital structure annually. As part of this review, the directors of the Company assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues, as well as issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**270,312**	212,458
Financial liabilities		
Amortised cost	**50,282**	48,291

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade receivables, other receivables, bank balances and cash, trade payables, other payables and secured mortgage loan. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risks (currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit Risk

As at 30th September, 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has no significant concentration of customer credit risk, with exposure spread over a number of customers as a large portion of the Group's turnover are cash or credit card sales. In addition, the Group also manages its credit risk by performing regular reviews of the aging profile of trade receivables.

The Group's concentration of customer credit risk by geographical locations is mainly in Hong Kong and the PRC which accounted for 100% (2013: 95%) of the total trade receivables as at 30th September, 2014.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(ii) Market Risks

Currency Risk

The functional currency of the Company's principal subsidiaries is either HK$ or Renminbi ("RMB"). While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain transactions denominated in foreign currencies. At the end of the reporting period, certain bank balances, trade receivables, other receivables, trade payables and other payables of the Group are denominated in foreign currencies. The Group manages its foreign currency risk by performing regular reviews of the Group's net foreign exchange exposure.

At the end of the reporting period, the carrying amounts of the Group's major monetary assets and monetary liabilities denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2014 HK$'000	2013 HK$'000
Assets		
United States Dollar ("US$")	**41,242**	47,742
Japanese Yen ("Yen")	**40**	44
Liabilities		
US$	**4,051**	6,304
Yen	**374**	–

Sensitivity analysis

The Group is mainly exposed to the fluctuation of Yen.

Since HK$ is pegged to US$, relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to HK$ and RMB against Yen. 5% is the sensitivity rate used when reporting foreign currencies risk internally to key management personnel and represents management's assessment of the reasonably change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis adjusts their translation at the year end for a 5% change in foreign currency rates. A 5% strengthening of HK$ and RMB against Yen will have the following increase (2013: decrease) profit for the year and vice versa.

	2014 HK$'000	2013 HK$'000
HK$ and RMB against Yen	**14**	2

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(ii) Market Risks (Continued)

Interest Rate Risk

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and secured mortgage loan. Bank balances and secured mortgage loan at variable rates expose the Group to cash flow interest rate risk. Details of the Group's bank balances and secured mortgage loan are disclosed in notes 24 and 28 respectively.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the bank's Hong Kong Dollar Best Lending Rate as set out in the note 28.

Sensitivity analysis

The following is an analysis of the Group's financial assets and liabilities that carried variable interest rates at the end of reporting period:

	2014 HK$'000	2013 HK$'000
Financial assets	**28,075**	128,102
Financial liabilities	**28,481**	31,583

As the Group's financial assets that carried variable interest rates are mainly bank deposits and interest rate fluctuation on bank deposit is minimal, the cash flow interest rate risk from financial assets is considered to be insignificant. Accordingly, interest rate fluctuation on these assets is excluded from the sensitivity analysis.

On the basis of the above analysis and assuming the amount of financial liabilities outstanding at the end of the reporting period were outstanding for the whole year, the Group's post-tax profit for the year ended 30th September, 2014 would decrease by HK$119,000 (2013: HK$132,000) if interest rates had been 50 basis points higher and all other variables were held constant and vice versa. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(iii) Liquidity Risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of secured mortgage loan and ensures compliance with relevant covenants.

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(iii) Liquidity Risk (Continued)

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 following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. As at 30th September, 2013 and 30th September, 2014, the maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to less than 3 months HK$'000	3 months to less than 1 year HK$'000	1 year to less than 5 years HK$'000	5 years or more HK$'000	Total undiscounted cash flows HK$'000	Carrying amount as at 30th September, 2014 HK$'000
2014								
Trade payables	–	8,037	436	–	–	–	8,473	8,473
Other payables	–	13,328	–	–	–	–	13,328	13,328
Secured mortgage loan	2.15	293	585	2,635	14,052	13,759	31,324	28,481
		21,658	1,021	2,635	14,052	13,759	53,125	50,282

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to less than 3 months HK$'000	3 months to less than 1 year HK$'000	1 year to less than 5 years HK$'000	5 years or more HK$'000	Total undiscounted cash flows HK$'000	Carrying amount as at 30th September, 2013 HK$'000
2013								
Trade payables	–	6,801	–	–	–	–	6,801	6,801
Other payables	–	9,907	–	–	–	–	9,907	9,907
Secured mortgage loan	2.15	293	585	2,635	14,052	17,562	35,127	31,583
		17,001	585	2,635	14,052	17,562	51,835	48,291

7. FINANCIAL INSTRUMENTS (Continued)

(c) Fair Value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

8. TURNOVER AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker, 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

Turnover recognised during the year are as follows:

	2014 HK$'000	2013 HK$'000
Turnover		
Retail segment	**200,002**	199,862
Services segment	**479,047**	429,109
	679,049	628,971

The Company's executive directors make decisions according to the operating results of each segment and reports on the aging analysis of inventories and trade receivables. No analysis of segment asset and segment liability is presented as the Company's executive directors do not review such information for the purposes of resources allocation and performance assessment. Therefore, only segment turnover and segment results are presented.

8. TURNOVER AND SEGMENT INFORMATION (Continued)

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

	Retail segment		Services segment		Elimination		Consolidation	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Sales to external customers	200,002	199,862	479,047	429,109	–	–	679,049	628,971
Inter-segment sales	51,923	37,114	–	–	(51,923)	(37,114)	–	–
Total	251,925	236,976	479,047	429,109	(51,923)	(37,114)	679,049	628,971
Segment results	4,316	(18,154)	105,947	83,405	–	–	110,263	65,251
Other income							8,303	7,953
Other gains or losses							7,073	29,299
Finance costs							(646)	(4,264)
Central administrative costs							(59,763)	(59,754)
Profit before taxation							65,230	38,485

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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 the resources allocation and performance assessment.

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

The following is an analysis of the Group's other segment information for the year:

	Retail segment		Services segment		Consolidation	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
OTHER SEGMENT INFORMATION						
Depreciation of property and equipment	8,144	8,545	16,187	14,750	24,331	23,295
Amortisation of intangible assets	259	340	–	–	259	340
Write-down of inventories	1,119	–	–	–	1,119	–

8. TURNOVER AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong, Macau, the PRC, Taiwan and Singapore. PRC includes Mainland China but excludes Hong Kong and Macau.

The Group's turnover and information about its non-current assets by geographical location (excluding trademarks, goodwill and deferred tax assets) are detailed below:

	Turnover		Non-current assets	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Hong Kong and Macau	**651,153**	597,026	**299,598**	292,659
The PRC	**20,972**	21,858	**3,596**	9,076
Taiwan	**2,911**	5,971	**2**	390
Singapore	**4,013**	4,116	**2**	1
	679,049	628,971	**303,198**	302,126

Information about major customers

No sales made to customers contributed to over 10% of the total sales of the Group for both years.

9. OTHER GAINS OR LOSSES

	2014 HK$'000	2013 HK$'000
Gain on fair value change of investment properties	**6,744**	32,514
Loss on fair value change of an investment property	**–**	(960)
Gain (loss) on disposal/write-off of property and equipment	**119**	(1,359)
Net exchange gain (loss)	**210**	(896)
	7,073	29,299

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest expense on secured mortgage loan	**646**	706
Effective interest expense on convertible bond (note 27)	**–**	3,558
	646	4,264

11. TAXATION

	2014 HK$'000	2013 HK$'000
Current tax		
Hong Kong Profits Tax	**15,016**	9,969
Other jurisdictions	**–**	92
Under (over) provision in prior years	**175**	(2,967)
	15,191	7,094
Deferred taxation (note 32)	**4,475**	511
	19,666	7,605

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year 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. Therefore, deferred taxation has been provided for in respect of the undistributed profits from the Company's PRC subsidiaries as set out in note 32.

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

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2014 HK$'000	2013 HK$'000
Profit before taxation	**65,230**	38,485
Tax at Hong Kong Profits Tax rate of 16.5%	**10,763**	6,350
Effect of different tax rates applied in other jurisdictions	**(45)**	(2,800)
Tax effect of income not taxable for tax purpose	**(1,273)**	(5,703)
Tax effect of expenses not deductible for tax purpose	**817**	1,616
Utilisation of tax losses previously not recognised	**(4,265)**	(236)
Tax effect of tax losses not recognised	**12,114**	10,982
Under (over) provision in prior years	**175**	(2,967)
Tax effect of withholding tax arising from undistributable profits of subsidiaries	**(1,266)**	(1,192)
Others	**2,646**	1,555
Taxation for the year	**19,666**	7,605

12. PROFIT FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Profit for the year is stated at after charging:		
Auditor's remuneration	**1,424**	1,442
Amortisation of intangible assets	**259**	340
Allowance for doubtful debts	**–**	292
Write-down of inventories	**1,119**	–
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**132,119**	116,651
– contingent rents	**3,897**	3,718
and after crediting:		
Interest income on bank deposits	**1,216**	2,833
Rental income from investment properties	**4,590**	4,456

13. 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:

	2014 HK$'000	2013 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**47,930**	34,259

	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 year ended 30th September, 2013 since the exercise price of those options was higher than the average price during that year 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 year ended 30th September, 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).

14. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Interim dividend declared and paid of 1.0 HK cent (2013: 2.5 HK cents) per share	**7,640**	19,099
Final dividend proposed after the end of the reporting period of 5.0 HK cents (2013: 1.5 HK cents) per share	**38,197**	11,459
	45,837	30,558

The 2014 final dividend of 5.0 HK cents (2013: 1.5 HK cents) per share, amounting to approximately HK$38,197,000 (2013: HK$11,459,000), has been proposed by the directors after the end of the reporting period and is subject to approval by the shareholders in the general meeting. This proposed dividend has not been recognised as a distribution during the year.

The aggregate amount of the dividends paid during the year ended 30th September, 2014 were approximately HK$19,099,000 (2013: HK$49,657,000).

15. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 HK$'000	2013 HK$'000
Wages, salaries, bonuses and allowances	**267,851**	266,597
Pension costs – defined benefit plan (note 31)	**(116)**	(54)
Pension costs – defined contribution plans	**11,181**	15,378
Unutilised annual leave	**353**	334
	279,269	282,255

For the year ended 30th September, 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.

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and Chief Executive's Emoluments

Name of directors and Chief Executive	Fees HK$'000	Basic salaries HK$'000	Bonuses HK$'000	Retirement benefit costs HK$'000	2014 Total emoluments HK$'000	2013 Total emoluments HK$'000
Yu Kam Shui, Erastus[4][6]	–	897	685	16	**1,598**	2,272
Tam Chie Sang	–	897	428	16	**1,341**	1,762
Yu Lai Chu, Eileen	–	897	428	16	**1,341**	1,762
Lai Yin Ping	–	897	428	16	**1,341**	1,762
Wong Lung Tak, Patrick, B.B.S., J.P.[1][2][3][4][5][6]	200	–	–	–	**200**	200
Wong Chun Nam, Duffy, J.P.[1][2][3][4][5][6]	200	–	–	–	**200**	200
Wong Chi Keung[1][2][3][4][5][6]	200	–	–	–	**200**	200
Wong Man Lai, Stevie[7]	–	4,661	–	16	**4,677**	–
Total for the year 2014	600	8,249	1,969	80	**10,898**	
Total for the year 2013	600	3,588	3,910	60		8,158

(1) Independent non-executive directors
(2) Members of the Company's Audit Committee
(3) Members of the Company's Remuneration Committee
(4) Members of the Company's Investment Advisory Committee
(5) Members of the Company's Nomination Committee
(6) Members of the Company's Disclosure Committee
(7) The CEO of the Company

Details of the Company's Share Option Scheme are disclosed in note 30.

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five Highest Paid Individuals

Of the five individuals with the highest emoluments in the Group, none (2013: none) was a director of the Company. Emoluments payable to the five (2013: five) individuals during the year were as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries and other allowances	**17,122**	14,362
Bonuses	**358**	808
Retirement benefit costs	**80**	75
	17,560	15,245

Their emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$2,500,001 – HK$3,000,000	**2**	2
HK$3,000,001 – HK$3,500,000	**1**	2
HK$3,500,001 – HK$4,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**–**	–
HK$4,500,001 – HK$5,000,000	**1**	–
	5	5

For both years, no directors waived any emoluments and no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group and compensation for loss of office.

17. INTANGIBLE ASSETS

	License fees HK$'000	Trademarks HK$'000	Total HK$'000
COST			
At 1st October, 2012	1,003	58,896	59,899
Additions	38	–	38
Write-off	(169)	–	(169)
At 30th September, 2013	872	58,896	59,768
Additions	**164**	**–**	**164**
At 30th September, 2014	**1,036**	**58,896**	**59,932**
ACCUMULATED AMORTISATION			
At 1st October, 2012	113	–	113
Charged for the year	340	–	340
Eliminated on write-off	(169)	–	(169)
At 30th September, 2013	284	–	284
Charged for the year	**259**	**–**	**259**
At 30th September, 2014	**543**	**–**	**543**
CARRYING VALUE			
At 30th September, 2014	**493**	**58,896**	**59,389**
At 30th September, 2013	588	58,896	59,484

Expenditure on acquiring licenses for sale of products is capitalised. The Group's license fees have definite useful lives and are amortised over respective license period.

The Group's trademarks have finite legal lives but are renewable upon expiry at minimal costs. The directors of the Company are of the opinion that the Group would renew the trademarks continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which support that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademarks are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The recoverable amount of the trademarks, which are related to a specific product and service line, has been assessed together with the goodwill acquired on the same business combination, as set out in note 18. In the opinion of management, the trademarks have no impairment for both years.

18. GOODWILL

	HK$'000
COST AND CARRYING VALUE	
At 1st October, 2012, 30th September, 2013 and 30th September, 2014	3,012

The goodwill is attributable to the cash-generating units ("CGU") of a brand of product and service line acquired during the year ended 30th September, 2010 of HK$3,012,000.

The basis of the recoverable amount of the CGU's major underlying assumptions are summarised below:

The CGU includes the trademarks as set out in note 17 which were acquired in the same business combination during the year ended 30th September, 2010. As at 30th September, 2014 and 2013, the recoverable amount of CGU was determined based on a value in use calculation. That calculation uses discounted cash flows projections based on financial forecast prepared by management in the coming 5 years and a discount rate of 16% (2013: 16%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows or outflows which include budgeted sales and gross margin. Such estimation is based on the CGU's past performance and management's expectations for the market developments. Management believes that any reasonable possible change in any of these assumptions would not cause the recoverable amount of CGU, which includes goodwill and trademarks, to fall below its carrying amount.

For the year ended 30th September, 2014 and 2013, management of the Group has determined that there are no impairments required to be recognised for its CGU containing goodwill or trademarks with indefinite useful lives.

19. INVESTMENT PROPERTIES

	2014 **HK$'000**	2013 HK$'000
FAIR VALUE		
At the beginning of the year	**222,734**	205,180
Disposal	**–**	(14,000)
Decrease in fair value recognised in the consolidated statement of profit or loss	**–**	(960)
Increase in fair value recognised in the consolidated statement of profit or loss	**6,744**	32,514
At the end of the year	**229,478**	222,734

19. INVESTMENT PROPERTIES (Continued)

The Group's investment properties at their fair values are analysed as follows:

	2014 HK$'000	2013 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**229,478**	222,734

The fair value of the Group's investment properties at G/F, 1-5/F, 18 Cochrane Street, Central, Hong Kong as at 30th September, 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer not connected with the Group.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from similar commercial properties in Hong Kong. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Following are the key inputs used in valuing the investment properties as at 30th September, 2014:

Category	Fair value hierarchy	Fair value at 30th September, 2014 HK$'000	Valuation technique	Key unobservable input	Range or weighted average	Relationship of unobservable inputs to fair value
Commercial properties	Level 3	229,478	Income approach	Reversionary yield (derived from monthly market rent)	2.5-4.5%	The higher the reversionary yield, the lower the fair value

There were no transfers into or out of Level 3 during the year.

20. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Machinery and equipment HK$'000	Office equipment, furniture and fixtures HK$'000	Total HK$'000
Cost						
At 1st October, 2012	113,391	4,036	9,995	46,466	11,758	185,646
Additions	18,125	–	860	5,442	698	25,125
Disposals	–	(23)	(9)	(558)	(276)	(866)
Write-off	(6,045)	–	(207)	(380)	(1,917)	(8,549)
Exchange realignment	828	24	116	83	12	1,063
At 30th September, 2013	126,299	4,037	10,755	51,053	10,275	202,419
Additions	**12,952**	**724**	**1,962**	**3,352**	**158**	**19,148**
Disposals	**(600)**	**(1,030)**	**–**	**(10)**	**(247)**	**(1,887)**
Write-off	**(27,001)**	**–**	**(379)**	**(347)**	**(119)**	**(27,846)**
Exchange realignment	**(4)**	**–**	**2**	**–**	**(5)**	**(7)**
At 30th September, 2014	**111,646**	**3,731**	**12,340**	**54,048**	**10,062**	**191,827**
Accumulated depreciation						
At 1st October, 2012	86,499	3,485	8,500	34,557	9,105	142,146
Provided for the year	16,214	233	1,034	4,696	1,118	23,295
Eliminated on disposals	–	(23)	(8)	(463)	(156)	(650)
Eliminated on write-off	(5,004)	–	(206)	(316)	(1,719)	(7,245)
Exchange realignment	722	24	109	65	11	931
At 30th September, 2013	98,431	3,719	9,429	38,539	8,359	158,477
Provided for the year	**17,017**	**187**	**1,365**	**4,886**	**876**	**24,331**
Eliminated on disposals	**(600)**	**(1,030)**	**–**	**–**	**(223)**	**(1,853)**
Eliminated on write-off	**(26,861)**	**–**	**(378)**	**(258)**	**(112)**	**(27,609)**
Exchange realignment	**2**	**–**	**2**	**–**	**(5)**	**(1)**
At 30th September, 2014	**87,989**	**2,876**	**10,418**	**43,167**	**8,895**	**153,345**
Carrying value						
At 30th September, 2014	**23,657**	**855**	**1,922**	**10,881**	**1,167**	**38,482**
At 30th September, 2013	27,868	318	1,326	12,514	1,916	43,942

20. PROPERTY AND EQUIPMENT (Continued)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the unexpired periods of the leases
Motor vehicles	20% to 33⅓%
Computer equipment	33⅓%
Machinery and equipment	20%
Office equipment, furniture and fixtures	20%

21. RENTAL DEPOSITS

These represents the deposits paid by the Group under non-cancellable operating leases for certain of its leased properties.

22. INVENTORIES

	2014 HK$'000	2013 HK$'000
Finished goods – merchandises	**34,143**	48,957

23. TRADE RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables	**26,755**	25,411
Less: allowances for bad and doubtful debts	**(1,093)**	(1,093)
Total trade receivables	**25,662**	24,318

23. TRADE RECEIVABLES (Continued)

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 allowances for bad and doubtful debts, at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**25,576**	22,901
31 days to 60 days	**12**	932
61 days to 90 days	**71**	48
Over 90 days	**3**	437
	25,662	24,318

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK$3,000 (2013: HK$437,000) which were aged over 90 days and past due but not required impairment at the end of the reporting period. The Group does not hold any collateral over these balances.

Movement in the allowance for trade receivables:

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	**1,093**	801
Impairment loss recognised	**–**	292
Balance at end of the year	**1,093**	1,093

24. BANK BALANCES AND CASH

Bank balances are mainly denominated in the functional currencies of respective group entities, which carry interest at 0.9% (2013: 2.2%) per annum.

25. 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:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**8,473**	6,801

The average credit period on purchases of goods ranges from 30 days to 60 days. The Group has financial risk management policies in place to ensure that all these payables are within the credit time frame.

26. RECEIPTS IN ADVANCE

The balance represents proceeds from sales of gift and drink coupons not yet redeemed and money received in advance for beauty salon services, skincare products and other related services.

27. CONVERTIBLE BOND

On 4th May, 2010, the Company issued a 5% unsecured convertible bond with a principal sum of HK$39 million to an independent subscriber pursuant to the Subscription Agreement. The convertible bond entitles the holder to convert in whole or in part of the principal amount into ordinary shares of the Company at any time prior to seven business days preceding the maturity date on 3rd May, 2013, at a conversion price of HK$2.21 per share, subject to anti-dilutive adjustments.

Upon the occurrence of certain conditions relating to the price and trading volume of the Company's shares, the convertible bond will be mandatorily converted, in part or in whole depending on the date of occurrence of such conditions, into ordinary shares of the Company at the conversion price of HK$2.21 per share, subject to anti-dilutive adjustments.

Also upon the occurrence of certain events involving reorganisation of the Group including a change in control, the bondholder has the option to demand immediate redemption before maturity at a price that shall provide the bondholder with an internal rate of return of 12% per annum on the principal amount.

Unless previously converted or redeemed, the convertible bond will be redeemed upon maturity at a price that shall provide the bondholder with an internal rate of return of 12% per annum on the principal amount.

The convertible bond contained two components, liability and equity elements amounting to HK$37,390,000 and HK$1,610,000 respectively. The effective interest rate of the liability component of the convertible bond was 13.68% per annum for the year ended 30th September, 2013.

On 3rd May, 2013, the Company's convertible bond had been redeemed upon maturity by the Company in full at its carrying value. No gain or loss was recognised in profit or loss upon redemption of the convertible bond during the year ended 30th September, 2013.

The movement of the liability component of the convertible bond for prior year is set out as below:

	HK$'000
At 1st October, 2012	46,407
Interest charge (note 10)	3,558
Interest paid	(1,945)
Redemption	(48,020)
At 30th September, 2013 and 30th September, 2014	–

28. SECURED MORTGAGE LOAN

	2014 HK$'000	2013 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**2,930**	3,102
Non-current liabilities	**25,551**	28,481
	28,481	31,583

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

	2014 HK$'000	2013 HK$'000
Within 1 year	**2,930**	3,102
1 year to less than 2 years	**2,993**	2,930
2 years to less than 3 years	**3,058**	2,993
3 years to less than 4 years	**3,125**	3,058
4 years to less than 5 years	**3,191**	3,125
5 years or more	**13,184**	16,375
	28,481	31,583
Less: Amount due within one year shown under current liabilities	**(2,930)**	(3,102)
Amount shown under non-current liabilities	**25,551**	28,481

The mortgage loan, which is denominated in Hong Kong dollars, is secured by the Group's investment properties with a carrying value of HK$229,478,000 as at 30th September, 2014 (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% (2013: 2.15%) per annum.

29. SHARE CAPITAL

	As at 30th September, 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

30. 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 except for independent non-executive directors and substantial shareholders of the Company (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 option under the Share Option Scheme was granted, exercised, cancelled or lapsed, during the current year nor outstanding as at 30th September, 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 was determined at the date of grant using the Binomial Option Pricing Model at 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 had never been exercised and was expired during the year ended 30th September, 2013.

31. PENSION OBLIGATIONS

(a) Defined Contribution Plans

(i) The Group operates a MPF Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,250 per month before 1st June, 2014 and HK$1,500 per month, commencing from 1st June, 2014 as a mandatory contribution or 5% of the relevant monthly payroll costs to the MPF Scheme.

(ii) The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

(b) Defined Benefit Plan

A subsidiary of the Group in Taiwan participates in a pension plan as stipulated by the local statutory regulations. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The subsidiary has an obligation to ensure that there are sufficient funds in the defined benefit plan to pay the promised benefits to employees when they attain the age of retirement. The subsidiary contributes at a fixed percentage of the payroll incurred in accordance with the regulations.

During the year ended 30th September, 2014, the Taiwan subsidiary had terminated all employees and become inactive, the entire defined benefit obligations were recognised in the consolidated statement of profit or loss for the year ended 30th September, 2014.

Actuarial valuation was performed on the pension liability as at 30th September, 2013 by an independent qualified actuary, Actuarial Consulting Company Limited, using projected unit credit cost method. The surplus between the pension assets and present value of the obligations as at 30th September, 2013 has been recognised in the consolidated statement of profit or loss in 2013.

(i) The amount recognised in the consolidated statement of financial position arising from the Group's obligation in respect of the defined benefit plan was determined as follows:

	2013 HK$'000
Present value of defined benefit obligations	94
Fair value of plan assets	(784)
Present value of defined benefit obligations	(690)
Unrecognised actuarial gains	806
Liability in the consolidated statement of financial position	116

31. PENSION OBLIGATIONS (Continued)

(b) Defined Benefit Plan (Continued)

(ii) The amount recognised in the consolidated statement of profit or loss in respect of the defined benefit plan was as follow:

	2013 HK$'000
Interest cost	4
Expected return on plan assets	(13)
Net actuarial gain	(45)
Total gain recognised in the consolidated statement of profit or loss (note 15)	(54)

(iii) The movement in the liability recognised in the consolidated statement of financial position:

	2013 HK$'000
At the beginning of the year	172
Exchange realignment	(2)
Total gain included in staff costs (note 15)	(54)
At the end of the year	116

(iv) The principal actuarial assumptions used were as follows:

	2013 %
Discount rate	1.90
Expected rate of return on plan assets	1.90
Expected rate of future salary increase	2.25

(v) The movement in the present value of the defined benefit obligations during the year was as follows:

	2013 HK$'000
At the beginning of the year	235
Exchange realignment	(2)
Interest cost	4
Actuarial gain	(143)
At the end of the year	94

31. PENSION OBLIGATIONS (Continued)

(b) Defined Benefit Plan (Continued)

(vi) The actuarial valuation showed that the market value of plan assets was approximately HK$784,000. The movement in the fair value of the plan assets during that year was as follows:

	2013 HK$'000
At the beginning of the year	781
Exchange realignment	(7)
Expected return on plan assets	13
Actuarial loss	(3)
At the end of the year	784

(vii) The major categories of plan assets, and the percentage of the fair value at the end of the reporting period for each category were as follows:

	2013 %
Deposits with financial institutions	25.05
Short term bills	5.27
Stocks	8.90
Bonds	10.09
Others	50.69
	100.00

32. DEFERRED TAXATION

The following were the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Decelerated tax depreciation HK$'000	Tax losses HK$'000	Intangible assets HK$'000	Convertible bond HK$'000 *(Note)*	Undistributed profits of PRC subsidiaries HK$'000	Total HK$'000
At 1st October, 2012	943	9,626	(9,718)	1,225	(7,667)	(5,591)
Exchange realignment	–	216	–	–	(58)	158
Credited (charged) to the consolidated statement of profit or loss	823	(1,038)	–	(1,488)	1,192	(511)
Credited to equity for the year	–	–	–	263	–	263
PRC withholding tax paid	–	–	–	–	4,475	4,475
At 30th September, 2013	1,766	8,804	(9,718)	–	(2,058)	(1,206)
Credited (charged) to the consolidated statement of profit or loss	**756**	**(6,497)**	**–**	**–**	**1,266**	**(4,475)**
At 30th September, 2014	**2,522**	**2,307**	**(9,718)**	**–**	**(792)**	**(5,681)**

Note: The deferred tax asset on convertible bond represented the temporary timing difference between the effective interest expense and the coupon interest payment.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to the same tax authority. The following amounts, determined after appropriate offsetting, were shown in the consolidated statement of financial position:

	2014 HK$'000	2013 HK$'000
Deferred tax assets	**5,380**	11,302
Deferred tax liabilities	**(11,061)**	(12,508)
	(5,681)	(1,206)

At the end of the reporting period, the Group had unused tax losses of approximately HK$160,740,000 (2013: HK$157,823,000) available for offset against future profits. Deferred tax assets had been recognised in respect of HK$10,553,000 (2013: HK$37,714,000) of such losses. No deferred tax asset had been recognised in respect of the remaining HK$150,187,000 (2013: HK$120,109,000) due to the unpredictability of future profit streams.

33. PLEDGE OF ASSETS

As at the end of the reporting period, the carrying value of the Group's asset which was pledged to secure a mortgage loan is as follows:

	2014 HK$'000	2013 HK$'000
Investment properties	**229,478**	222,734

34. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital Commitments

	2014 HK$'000	2013 HK$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**1,500**	4,435

(b) Commitments and Arrangements under Operating Leases

At the end of the reporting period, 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**	2014 HK$'000	2013 HK$'000
Not later than 1 year	**3,387**	4,590
More than 1 year and not later than 5 years	**–**	3,387
	3,387	7,977

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

34. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Continued)

(b) Commitments and Arrangements under Operating Leases (Continued)

As lessees **Rental payments**	**2014** **HK$'000**	2013 HK$'000
Not later than 1 year	**121,604**	118,325
More than 1 year and not later than 5 years	**92,195**	125,817
	213,799	244,142

Operating lease payments represent rentals payable by the Group for certain of its leased properties. Leases 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.

35. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
DIRECTLY HELD:				
Water Oasis Group (BVI) Limited	British Virgin Islands 16th December, 1999	Ordinary shares US$30,000	100%	Investment holding in Hong Kong
INDIRECTLY HELD:				
Water Oasis Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US$1	100%	Investment holding in Hong Kong
Oasis Spa Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US$1	100%	Investment holding in Hong Kong
Oasis-Beauty.com Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US$1	100%	Investment holding in Hong Kong
Water Oasis (Labuan) Holdings Limited	Labuan, Malaysia 28th June, 2000	Ordinary shares US$10,000	100%	Investment holding in Taiwan

35. PARTICULARS OF SUBSIDIARIES (Continued)

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
INDIRECTLY HELD: (Continued)				
Water Oasis China (BVI) Limited	British Virgin Islands 12th October, 2000	Ordinary share US$1	100%	Investment holding in Hong Kong
OBS Company Limited	Hong Kong 26th July, 2000	Ordinary shares HK$2	100%	Inactive
Water Oasis Company Limited	Hong Kong 6th May, 1998	Non-voting deferred shares HK$1,000,000 Ordinary shares HK$10,000	100%	Retail sales of skincare products in Hong Kong
Oasis Spa Company Limited	Hong Kong 24th December, 1999	Ordinary shares HK$1,000,000	100%	Operating of spa and provision of beauty services in Hong Kong
Oasis Techno-Beauty Company Limited	Hong Kong 24th December, 1999	Ordinary shares HK$10,000	100%	Distribution of beauty service equipment and products, and provision of beauty services in Hong Kong
Water Babe Company Limited	Taiwan 17th September, 1999	Common stock NT$20,000,000	90%	Inactive
Water Oasis (China) Holdings Limited	Samoa 5th April, 2000	Ordinary shares US$101	90.1%	Investment holding in Hong Kong
Claire International Limited	Hong Kong 22nd October, 1999	Ordinary shares HK$2	100%	Property holding in Hong Kong
Oasis Florist Company Limited	Hong Kong 18th October, 2000	Ordinary shares HK$2	100%	Operating of a florist shop in Hong Kong
Water Oasis (Macau) Company Limited	Macau 19th July, 2001	Ordinary shares MOP$25,000	100%	Retail sales of skincare products in Macau
Oasis Beauty Company Limited	Hong Kong 13th March, 2002	Ordinary shares HK$1,000,000	100%	Operating of beauty salons in Hong Kong
Aricon Investments Limited	British Virgin Islands 8th March, 2002	Ordinary share US$1	100%	Inactive

35. PARTICULARS OF SUBSIDIARIES (Continued)

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
INDIRECTLY HELD: (Continued)				
Master Advance Limited	Hong Kong 28th June, 2002	Ordinary shares HK$1,000,000	100%	Inactive
奧思美容品（上海）有限公司 *(Note 1)*	The PRC 9th February, 2002	US$200,000	90.1%	Retail sales of skincare products in the PRC
奧泉（上海）商貿有限公司 *(Note 1)*	The PRC 9th March, 2006	US$200,000	100%	Retail sales of skincare products and operating of beauty salons in the PRC
Water Oasis (Singapore) Pte. Limited	Singapore 6th November, 2003	Ordinary shares S$300,000	100%	Inactive
Top Distinct Limited	Hong Kong 26th January, 2006	Ordinary shares HK$2,000,000	100%	Operating of beauty salons in Hong Kong
Oasis Medical Clinic Company Limited	Hong Kong 6th November, 2007	Ordinary share HK$1	100%	Operating of beauty salons and provision of other related services in Hong Kong
WO North China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK$100,000	100%	Investment holding in the PRC
WO Central China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK$100,000	100%	Investment holding in the PRC
WO South China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK$100,000	100%	Investment holding in the PRC
Oasis Cosmetic Holdings Company Limited	Hong Kong 17th June, 2008	Ordinary share HK$1	100%	Investment holding in the PRC
伊蒲雪化妝品商貿（上海）有限公司 *(Note 1)*	The PRC 5th February, 2009	US$500,000	100%	Inactive
伊亮諾化妝品商貿（上海）有限公司 *(Note 1)*	The PRC 5th February, 2009	US$500,000	100%	Inactive
伊翠露化妝品商貿（上海）有限公司 *(Note 1)*	The PRC 5th February, 2009	US$500,000	100%	Inactive

35. PARTICULARS OF SUBSIDIARIES (Continued)

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
INDIRECTLY HELD: (Continued)				
Water Oasis E.L. (HK) Company Limited	Hong Kong 19th March, 2009	Ordinary shares HK$1,000,000	100%	Retail sales of skincare products in Hong Kong
上海奧薇化妝品商貿有限公司 *(Note 2)*	The PRC 22nd April, 2009	US$1,400,000	75%	Retail sales of cosmetic products in the PRC
Water Oasis Shanghai Holdings Limited	Hong Kong 9th September, 2009	Ordinary share HK$1	90.1%	Inactive
Glycel Holdings Company Limited	British Virgin Islands 20th April, 2010	Ordinary share US$1	100%	Investment holding in Hong Kong
Progress Success Limited	British Virgin Islands 16th March, 2010	Ordinary share US$1	100%	Investment holding in Hong Kong
Laboratoire Glycel Societe Anonyme	Liechtenstein 10th September, 1997	Normal shares CHF50,000	100%	Holding of trademarks
Glycel Laboratoire SA	Switzerland 18th November, 2005	Normal shares CHF100,000	100%	Holding of trademarks
Glycel Company Limited	Hong Kong 19th February, 2010	Ordinary shares HK$1,000,000	100%	Retail sales of skincare products and operating of beauty salons in Hong Kong
Oasis Beauty (Macau) Company Limited	Macau 18th July, 2013	Ordinary shares MOP$100,000	100%	Inactive

None of the subsidiaries had issued any debt securities during the year.

Note: (1) These companies are wholly foreign owned enterprises.

(2) The Company is a sino-foreign joint venture.

36. RELATED PARTY TRANSACTION

(a) Travelling Expenses

	2014 HK$'000	2013 HK$'000
Travelling expenses paid to:		
– Hip Holiday Limited	**453**	687

Mr. Yu Kam Shui, Erastus, an executive director of the Company and his son, Mr. Yu Ko Kwan, Steven are the sole director and ultimate shareholder of Hip Holiday Limited respectively.

(b) Compensation of key management personnel

	2014 HK$'000	2013 HK$'000
Basic salaries	**8,249**	3,588
Bonuses	**1,969**	3,910
Retirement benefit costs	**80**	60
	10,298	7,558

The related party transaction disclosed in (a) above was a fully exempted connected transaction under the Chapter 14A of Listing Rules because it was qualified for de minimis transaction.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
		AS AT 30TH SEPTEMBER,	
Non-current asset			
Investment in a subsidiary		**3,000**	3,000
Current assets			
Prepayments		**176**	142
Other deposits and receivables		**10**	20
Amounts due from subsidiaries	a	**165,096**	150,728
Bank balances		**404**	337
		165,686	151,227
Current liabilities			
Accruals and other payables		**1,064**	2,278
Net current assets		**164,622**	148,949
Total assets less current liabilities		**167,622**	151,949
Capital and reserves			
Share capital		**76,395**	76,395
Reserves	b	**91,227**	75,554
		167,622	151,949

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

(a) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Convertible bond equity reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st October, 2012	38,879	450	35,305	1,347	36,382	112,363
Profit and total comprehensive income for the year	–	–	–	–	12,585	12,585
2012 final dividend paid	–	–	–	–	(30,558)	(30,558)
2013 interim dividend paid	–	–	–	–	(19,099)	(19,099)
Transfer to retained profits upon expiry of share options	–	–	(35,305)	–	35,305	–
Transfer to retained profits upon redemption of convertible bond	–	–	–	(1,610)	1,610	–
Release of deferred tax assets upon redemption of convertible bond	–	–	–	263	–	263
At 30th September, 2013	38,879	450	–	–	36,225	75,554
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**34,772**	**34,772**
2013 final dividend paid	**–**	**–**	**–**	**–**	**(11,459)**	**(11,459)**
2014 interim dividend paid	**–**	**–**	**–**	**–**	**(7,640)**	**(7,640)**
At 30th September, 2014	**38,879**	**450**	**–**	**–**	**51,898**	**91,227**

38. EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

Five-Year Financial Summary

	Year ended 30th September,				
	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
RESULTS					
Turnover	**679,049**	628,971	824,432	985,339	911,878
Profit before taxation	**65,230**	38,485	64,023	115,683	71,275
Taxation	**(19,666)**	(7,605)	(1,209)	(34,509)	(6,561)
Profit for the year	**45,564**	30,880	62,814	81,174	64,714
Profit for the year attributable to:					
Owners of the Company	**47,930**	34,259	67,981	84,648	66,501
Non-controlling interests	**(2,366)**	(3,379)	(5,167)	(3,474)	(1,787)
	45,564	30,880	62,814	81,174	64,714
STATEMENT OF FINANCIAL POSITION					
Total assets	**734,059**	683,695	773,496	861,583	732,083
Total liabilities	**(431,315)**	(407,235)	(481,074)	(540,566)	(473,062)
	302,744	276,460	292,422	321,017	259,021
Equity attributable to					
Owners of the Company	**296,761**	268,156	280,831	304,681	246,916
Non-controlling interests	**5,983**	8,304	11,591	16,336	12,105
	302,744	276,460	292,422	321,017	259,021

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
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