Water **Oasis** Group Limited
奧思集團有限公司

Stock Code 股份代號：1161

奮力向前 共創佳績

Advancing towards a Brilliant Oasis

2015 | ANNUAL REPORT 年報

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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 within its industry, and has been responsible for 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 offering of beauty services and products that give it a strong and unique competitive advantage in the market. The Oasis range appeals to almost all significant consumer sectors, including high-end, mid-range and mass market customers, both male and female, as well as offering a full selection of general, specialist and medical beauty services.

As at 30th September 2015, the Group has 14 Oasis Beauty centres in Hong Kong, along with a further 3 Oasis Beauty centres in Beijing, 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 customers of Oasis Beauty, while 3 Oasis Homme centres deliver 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 customers, 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 6 Oasis Medical Centres offer state-of-the-art medical aesthetic treatments under the careful oversight of full-time registered medical doctors and professional therapists. The centres are fully equipped with the latest advanced equipment, and provide the safest and most effective treatments for a wide range of skin issues. The introduction of the newly-owned "DermaSynergy" brand with its advanced medical beauty product line in 2015 is further expanding the reach and significance of this business. "DermaSynergy" is a revolutionary skin care system that combines advanced technology and professional dermatological expertise to maximise the benefits of derma treatment. Its product range together represents a comprehensive skin care and protection system, professionally formulated especially for post-medical treatment skin.

Other related services operating under the Oasis brand are Oasis Nail and Oasis Florist. The Oasis brand has great potential for new service businesses to be added in the future. The most recent example is the recently launched Oasis Health service. This provides health management services and products in the form of tailored nutritional advice and a collection of health supplements in tandem with beauty and body treatments. The services treatment of Oasis Health is delivered at Oasis salons and Oasis Medical Centres, where it makes up part of a one-stop beauty service.

Glycel

Alongside its Oasis brands is the Group's self-owned Glycel brand, a reputable skincare brand recognised 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 14 outlets in Hong Kong 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, and 1 outlet in Macau. Glycel is also moving into high-end beauty devices, which currently include the 42°C Mobile Skin Therapist and Body Therapist beauty devices. Towards the end of 2014, the flagship Glycel Premier Spa was opened in Central Hong Kong, creating a luxury destination that is consolidating the brand's prestige among consumers. In 2015, Glycel celebrated its 30th anniversary, marking it as a heritage global brand with great potential for the future.

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 an important part of the Group's business portfolio. One of these brands 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, and has long been embraced by global celebrities and Hollywood stars who have included Marilyn Monroe, Audrey Hepburn and Grace Kelly. In 2015, *Cosmopolitan* magazine declared Erno Laszlo to be the "Best Doctor's Brand" among comparable skincare brands. The Group operates 7 Erno Laszlo outlets in Hong Kong.

The Group is also distributor of products of h2o+, a renowned marine-derived skincare brand from the United States. This is the Group's foundational brand, and it retains a strong and loyal customer base in Hong Kong. There are currently 12 h2o+ retail outlets in prime Hong Kong locations. In Macau, the Group maintains a single Oasis Beauty Store, which sells h2o+ and Glycel brand products as well as offering beauty treatment services.

CEO's Statement

I have pleasure in presenting the Group's results for 2014/15, which are very positive despite the fact that the past financial year has been a particularly challenging one for many Hong Kong retail enterprises due to various macro-economic and socio-political factors. I am pleased to be able to report that the Group showed its resilience and the effectiveness of its strategies for continuous transformation in very concrete terms. It continued to achieve solid growth in both turnover and profit for the year despite the very challenging operating environment. In fact, it recorded 15.2% year on year growth in profit, while turnover growth was around 1.9% compared with a year ago, despite the fact that the base figures last year included turnover from retail businesses in China, Taiwan and Singapore which have since been closed. The growth in turnover was modest, in line with the challenges being faced in the retail sector, but particularly gratifying has been the way our profitable beauty services businesses have continued to charge forward.

The challenges of the year were not limited to the effects of the slowdown in China, and the knock-on effect of weakened local consumption here in Hong Kong. Local political issues also affected Hong Kong throughout the year, while the prolonged stock market slump and the volatility of equity markets had a noticeable impact on consumer behaviour. All this led to a distinct dip in retail and discretionary spending. Our ability to ride the economic challenges of the past year and come out ahead can be attributed to the way we have continued to apply the three core goals of our motto "Strengthen the Momentum: Transform and Innovate". Each of these has enabled us to take parts of our business forward in difficult times; when combined, they have generated a real force for growth.

"Strengthen the Momentum" means prioritising those of our brands, services or products that are most profitable and that hold the highest potential for growth, and focusing on building their momentum even further. This has been most evident over the past year in our work to consolidate and extend the remarkable successes of two of our growth engines: Glycel and Oasis Medical Centre. These are among our highest margin businesses, and our focus has been on driving them forward in a number of ways. Our efforts have had the effect of maximising their impact in the market, and increasing their importance in our own portfolio. They have each registered record turnover and profits over the past year, and are spearheading our planning efforts for the year ahead.

"Transform" references the way we are moving away from our former role as retail distributor and instead reshaping the Group into a services-led beauty portfolio. This transformation is shifting our profit mainstay towards high margin services. Examples of this successful transformation include our creation of an integrated OASIS brand that has united our various service and related product offerings, and the opening of our flagship store in Central last October. By placing our beauty service brands at the centre of our business transformation, we are uncovering new and powerful opportunities to extend the reach and expand the potential of our retail product sales.

Finally, "Innovate" involves us in trying out new initiatives in response to market analysis and consumer trends. Over the year, we have primarily done this through the launch of a range of new service offerings and products that have kept our brands fresh and drawn in new customers. On the service side, for example, we have introduced advanced new equipment into our centres that have brought new beauty opportunities for customers. Our InLase infra-red soft laser beauty treatment, which utilises a globally exclusive beauty machine from Europe developed according to our specific requirements, was introduced into Oasis Beauty centres during the year, supplementing the already wide range of specialised beauty treatments available there. In addition, highly effective new generation High Intensity Focused Ultrasound ("HIFU") equipment, named "doublo-m" and sourced from Korea, was installed in our Oasis Medical Centres. We also launched a sub-brand Oasis Health using the concept "WISE" (W-Within; I-In-depth consultation and personal formula; S-Supplements; E-Evaluation), which has generated very positive initial feedback from customers. On the retail side, we launched over 20 unique new product items into the market. Highlights included the launch of the second of our Glycel beauty devices, the Glycel Body Therapist machine, which has been enthusiastically welcomed by consumers, together with a new Glycel Slimming Gel. Other product lines that have been rolled out during the year include a new range of Oasis Health diet and health supplement products, DermaSynergy products that are designed to complement the medical beauty treatments offered at Oasis Medical Centres, and an extended range of Eurobeauté products.

With "Strengthen the Momentum: Transform and Innovate" giving us direction, we are able to look ahead with real confidence to the year ahead, despite the fact that the overall economic environment currently offers a relatively gloomy outlook generally. Our growth planning is fundamentally prudent in nature, but it will be firmly anchored in our proven high-performing and high potential beauty services. Further, we will be leveraging the scale and powerful synergies of our portfolio to further establish our beauty services leadership in the market, while also continuing to maintain a diverse and successful range of retail operations.

We are well prepared, then, to embark on the next stage of our transformation journey. This will involve us in continuing to enhance and fine-tune our business model to reflect both the realities and the new opportunities within our business contexts. For example, we will be looking at new ways of acquiring and retaining customers built on intensive data analytics, and which will involve a higher level of digital engagement than we have offered in the past. We will also continue to explore strategic opportunities to help us further diversify our business, including investment opportunities.

Given our successes over the past two years in terms of achieving a business turnaround and following that by sustained growth, all in the face of considerable challenges, I am confident that we are moving along the right path. The steps we have taken and are continuing to take are bringing concrete benefits to the Group in terms of its reach and reputation, and to investors in terms of positive investment returns. I look forward to a year ahead in which we will be able to further consolidate our leadership in Hong Kong.

Stevie Wong
Chief Executive Officer

Management Discussion and Analysis

For the year ended 30th September, 2015 ("the year"), the Group reaped the benefits of its initiatives under "Strengthen the Momentum: Transform and Innovate" and was able to draw on its fundamental strengths to resist the headwind affecting Hong Kong retail businesses. In particular, the Group continued to achieve solid turnover and profit growth for the year. It recorded a rise in overall turnover of 1.9% compared with its turnover in 2014, a respectable achievement given the difficult environment in Hong Kong over the year. The modest increase was mainly due to the contribution from the Group's brands like Glycel and Oasis Medical Centre but being offset by the slight decrease in turnover from retail and certain brands of beauty services businesses, as well as the absence of contribution from retail businesses in PRC, Taiwan and Singapore which had since been closed this year. Like-for-like growth was over 3.1%, if the Group's PRC, Taiwan and Singapore businesses (now closed) are excluded. Partly as a result of the closing of these non-performing businesses, profit for the year was up 15.2% from a year ago.

Gross profit margin rose from 89.5% to 90.9%, again on the back of a higher contribution from the Group's beauty services businesses in which profit margins are higher. Basic earnings per share for the year amounted to 6.6 HK cents (2014: 6.3 HK cents).

In line with the Group's intention to transform itself into a service-led beauty portfolio, the Group's beauty services brands drove the year's performance. Their contribution to turnover mix between beauty services and retail rose from 70.5% and 29.5% last year to 73.7% and 26.3% at the end of September 2015. Cash receipts from beauty services achieved a strong 10.3% increase year on year. The longer consumption pattern appearing in the Group's beauty treatment plans translated into a 6.4% growth in turnover for the financial year. Like-for-like retail segment performance in turnover posted a 4.9% reduction, a decrease that rises to 8.9% if the PRC, Taiwan and Singapore businesses are included.

The perennial challenges for Hong Kong businesses - namely, the high rental costs of doing business and the short supply of qualified staff and associated high labour costs - was a feature that happened once again in this year. This has been partly addressed by the grouping of related businesses adjacent to each other at the new flagship outlet in Central, which enabled us to maximise purchasing power and space efficiencies and allowed a more efficient deployment of staff. In addition, the Group has benefitted from the fall in Mainland visitors to Hong Kong and the weakening of consumer sentiment which has contributed to a significant downturn in rents. The Group expects to continue to do so as more leases come up for renewal. The changing rent patterns are enabling the Group to review its retail locations, and it is actively looking to take up more prominent and visible retail store locations.

In the year under review, the Group also kept rental and staff costs under control by closing non-optimal outlets as leases came up for renewal. A total of 8 outlets were closed during the year, while 5 new outlets were opened in the same period. Overall, the Group's rental costs for the year decreased by 4.7% from 2014. Advertising costs year on year also decreased by 11.1%, through careful budgeting and optimisation of the media employed. Staff costs however rose by 6.8%, partly due to the competitive compensation offered by the Group to attract and retain high-performing employees. In the year to come, the Group will look more closely at its commission structure and consider ways of lowering costs while keeping staff motivated.

The Group further raised its bank balances and cash levels as at 30th September, 2015 to approximately HK$260.0 million, while its current ratio was 0.9:1 and its debt-equity ratio was 9.0%. The board of directors has recommended the payment of a final dividend of 2.5 HK cents per share, bringing the full-year dividend to 6.5 HK cents per share (2014: 6.0 HK cents).

Business Review

OASIS Portfolio

The business reorganisation undertaken in August 2014 has resulted in a range of previously disparate businesses now being united under the Oasis brand portfolio. These consist of the Group's key service-led businesses, including 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 Nail and Oasis Florist. The Group's new Oasis Health service and product range has been added during the year, and is being marketed through the various Oasis centres.

Oasis Beauty and Oasis Spa

For the year under review, cash receipts for the Group's Oasis Beauty and Oasis Spa businesses in Hong Kong increased by 9.6% in total, led by a good performance in cash receipts from Oasis Beauty. These rises are indicative of the strong and continuing customer support enjoyed by the Group, and the underlying strength of these brands. However, due to the longer consumption pattern appearing in the Group's beauty treatment plans, turnover for the year saw decreases of 2.6% and 12.3% respectively for Oasis Beauty and Oasis Spa. In the year, the Group further enhanced the attractiveness of its Oasis Beauty centres by introducing new InLase soft laser beauty treatment machines, jointly developed with its European supplier, that are providing customers with even more advanced beauty treatment options.

The number of the Group's service centres was adjusted slightly over the year. The number of its Oasis Beauty centres, made up of Oasis Beauty, Aqua Beauty and Oasis Homme centres, rose to 19 in Hong Kong, accompanied by 3 self-managed PRC centres and 1 franchised centre in Zhejiang in the PRC. In Macau, the Group maintained its single Oasis Beauty Store selling h2o+ and Glycel brand products. Its other steadily performing Oasis brand businesses located in Hong Kong included 6 Oasis Medical Centres, 3 Oasis Spas, Oasis Nail, and online Oasis Florist.

Oasis Medical Centre

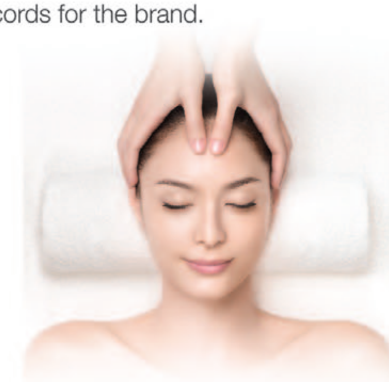
Oasis Medical Centre continued the momentum that it has begun to build up over recent years, and achieved strong year-on-year growth in turnover of 25.7%. Having established itself as a unique provider of medical aesthetic treatments backed by consultancy from highly qualified medical professionals and delivered using advanced technologies and equipment, the Oasis Medical Centre business is now attracting increasing numbers of customers. The opening of a branch in October 2014 as part of the Group's flagship store in the Entertainment Building in Central has further boosted the momentum of this business. During the year, the Group installed further advanced equipment in its Oasis Medical Centres to keep the levels of service at the top end; these included the introduction of new "doublo-m" machinery that uses high-frequency ultrasonic technology for firming, and "Vital Injector 2". At year-end, the Group was operating 6 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. In addition to its core business of beauty services, Glycel also includes an ever-broadening stable of high-end skincare products. In 2015, the Glycel brand marked its 30th anniversary, and the Group took full advantage of this milestone to promote the brand extensively and raise its public profile further.

Glycel was one of the Group's major growth drivers for the year under review, achieving turnover growth in retail and beauty services of approximately 8.2% and 25.2% respectively in Hong Kong. The brand benefited from the opening of its flagship Glycel Premier Spa in Central last October, and further generated consumer excitement with the rolling out of portable beauty devices: the very popular Glycel 42°C Mobile Skin Therapist device launched in 2014, and in 2015 the Glycel Body Therapist device with new Slimming Gel, which extends the benefits of the earlier device to the entire body and has broken the overall sales records for the brand.

By the end of the year, the Group was operating 14 Glycel outlets in Hong Kong and 1 Glycel outlet in the Venetian Macao-Resort-Hotel in Macau.



Erno Laszlo

The Group has owned distributorship rights to the historic premium Erno Laszlo skincare brand for some years now, and in that time has established the brand as a well-respected one in Hong Kong. After achieving pleasing growth last year, the severe downturn in the retail market did affect the brand's performance in the year under review, as did the closure of one of the existing Erno Laszlo outlets. Turnover consequently dropped slightly, by 4.7% year on year. New products were launched during the year, which hold potential for the future. At the end of the year, the Group was operating 7 Erno Laszlo outlets in Hong Kong, from 8 at the same time last year.

h2o+

The Group has continued to make this, its foundational brand dating back to 1998, a significant part of its overall beauty portfolio. h2o+ retains a strong and loyal customer base. The turnover for h2o+ for the year was down, partly because the number of outlets has been streamlined over the year, from 15 at the end of September 2014 to 12 at the end of the current financial year. These store consolidations involved closing down non-performing outlets, and are expected to lead to improved performances for the brand over the year ahead. The Group's h2o+ distributorship agreement for the territories of Hong Kong and Macau has been successfully renewed for 5 years up to 31st December, 2020.

Environmental, Social and Governance

As a socially responsible and socially committed enterprise, the Group is proud to present its first Environmental, Social and Governance report this year. The Group's environmental policies primarily involve the implementation of measures to conserve resources, reduce its overall energy consumption, and raise staff awareness of good environmental practice. The Group maintains clear and open lines of communication with its stakeholders. In recent years, community engagement has become an increasing part of the Group's activities.

PROSPECTS

The Group is pleased with its good results over the past year in the face of considerable challenges to the industry as a whole. However, it will not be complacent about its achievements, and will continue to look for opportunities for improvement across the board.

In particular, in the year ahead the Group will be adjusting its business model with the aim of expanding the means by which it attracts and retains customers. To date, the Group has relied mainly on traditional advertising and passing foot traffic as its primary method of doing this. In the year under review, it set up a new Innovative Channels Department whose main role is to work with corporate partners in ways that enable the Group to tap into the employee pools and customer pools of these corporates. This represents a significant new source of potential customers. Experience to date has shown that many corporates welcome approaches by the Group; they see collaboration as a good way of providing valuable benefits for their employees or customers.

In addition, the Group is now ready to enhance its CRM systems in ways that will involve taking a more aggressive approach to encouraging existing customers to recommend or recruit new ones. This approach is being built on the work of a small team of data analytic professionals working with the Group to analyse data.

The power of social media is also an area the Group is planning to take further advantage of to boost its customer base. Currently its focus is on Facebook, perhaps the most commonly used social media platform. The Group is now introducing a Facebook program that involves harnessing more key opinion leaders and influencers, including celebrities and beauty bloggers, to write about Water Oasis products and services. The aim is to build word of mouth advertising and open the door to joint promotions that can benefit both business partners and the Group itself. This is being complemented by an upgraded website offering a user-friendly experience for mobile users, and giving users a more interactive experience.

At the same time, the Group expects to maintain its robust cost controls, and will negotiate hard as existing rental leases come up for renewal. The strategy of closing down or relocating under-performing outlets will also continue. In one example of this policy, the Group has taken advantage of a recent fall in the rental market to obtain a new street-level outlet at No. 88 Percival Street in the prime Causeway Bay shopping district of Hong Kong, which is opened as a Glycel outlet by the end of 2015.

The Group will also continue to explore investment opportunities as they arise. The Group is relatively cash rich, and its purchase and turnaround of the Glycel brand over the past few years is witness that it has the skills to take on underperforming but high potential brands and optimise their performance.

In summary, the Group is not looking for rapid expansion but rather consolidation of its strengths, its customer base, and its reputation. Its motto “Strengthen the Momentum: Transform and Innovate” will drive it in certain carefully planned directions that will see the gains achieved during this past year carried forward, with the intention of providing investors with solid and satisfactory returns in the future.

Directors and Senior Management

DIRECTORS

EXECUTIVE DIRECTORS

Mr. YU Kam Shui, Erastus, aged 65, 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. 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 63, 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, 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 63, 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 60, 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 67, 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 40 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 and BAIC Motor Corporation Limited, all are listed on The Stock Exchange of Hong Kong Limited. Prof. Wong was an independent non-executive director of Excel Development (Holdings) Limited which is listed on The Stock Exchange of Hong Kong Limited from 21st November, 2013 to 10th August, 2015.

Mr. WONG Chun Nam, Duffy, J.P., aged 62, 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. Mr. Wong 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 60, 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, PRC. 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, Dr. Wong 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 45, is the Chief Executive Officer (the "CEO") 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 49, 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 48, 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 Directors.

Ms. HO Shuk Kuen, Gloria, aged 43, 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 38, 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 and PRC. 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 32, is the Head of Internal Audit and Business Development of the Group since January 2015 and 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, 2015.

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, 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, 2015.

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, 2015 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, Prof. Wong Lung Tak, Patrick and Mr. Wong Chun Nam, Duffy 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 seven times during the year ended 30th September, 2015.

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, 2015 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	7/7	–	–	1/1	–	2/2	1/1
TAM Chie Sang	7/7	–	–	–	–	–	1/1
YU Lai Chu, Eileen	6/7	–	–	–	–	–	1/1
LAI Yin Ping	7/7	–	–	–	–	–	1/1
Independent non-executive directors							
WONG Lung Tak, Patrick	7/7	2/2	1/1	1/1	1/1	2/2	1/1
WONG Chun Nam, Duffy	7/7	2/2	1/1	1/1	1/1	2/2	1/1
WONG Chi Keung	7/7	2/2	1/1	1/1	1/1	2/2	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, 2015, 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, Mr. Wong Chun Nam, Duffy 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, Mr. Wong Chun Nam, Duffy and Dr. Wong Chi Keung, and is chaired by Prof. Wong Lung Tak, Patrick, 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, 2015, two meetings were held by the Audit Committee. At the meetings, it reviewed the annual results for 2014 and the interim results for 2015 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, Mr. Wong Chun Nam, Duffy and Dr. Wong Chi Keung, and is chaired by Mr. Wong Chun Nam, Duffy.

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, 2015, one Remuneration Committee meeting was 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, 2015 is set out below:

Remuneration band (HK$)	Number of individuals
Nil to 1,000,000	1
1,000,001 – 2,000,000	2
2,000,001 – 3,000,000	1
3,000,001 – 4,000,000	1
4,000,001 – 5,000,000	–
5,000,001 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 77 to 78 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, 2015, 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, Mr. Wong Chun Nam, Duffy 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 re-appointment 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, 2015, 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, Mr. Wong Chun Nam, Duffy and 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, 2015, two Disclosure Committee meetings were 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, 2015 is broken down below:

	2015 HK$'000
Statutory audit	**1,168**
Non-audit services	**493**
Total	**1,661**

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, 2015 are set out in the section "Independent Auditor's Report" on pages 44 to 45 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, 2015. 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, 2015.

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, 2015, 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, 2015.

CHANGE TO INFORMATION OF DIRECTORS

Prof. Wong Lung Tak, Patrick was appointed as an independent non-executive director of BAIC Motor Corporation, a company listed on the Stock Exchange, on 2nd December, 2014. On 10th August, 2015, he resigned as an independent non-executive director of Excel Development (Holdings) Limited, a company listed on the Stock Exchange.

Save as disclosed above, as at the date of this annual report, there were no other changes to the directors' information are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Environmental, Social and Governance Report

This is the first year for the Group to prepare the Environmental, Social and Governance (the "ESG") report to highlight its ESG performance. This ESG report is in fulfilment of the recommendation of the Stock Exchange for the performance reporting on ESG issues.

THE SCOPE AND REPORTING PERIOD OF THIS REPORT

This ESG report covers the Group's overall performance in four subject areas, namely, Workplace Quality, Environmental Protection, Operating Practice, and Community Involvement for the Hong Kong operations including the headquarter office, retail outlets and beauty service centres for the reporting period from 1st October, 2014 to 30th September, 2015 unless otherwise stated.

The Group has been visionary and focused on integrating ESG considerations into all key operating companies and key performance indices will be developed to improve the energy and resource usage efficiency and minimise risk for the long term. This will be beneficial to the stakeholders of the Group.

STAKEHOLDERS' FEEDBACK

We welcome stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at corporate@wateroasis.com.hk

WATER OASIS' MISSION AND VISION

MISSION

As a leading beauty service provider and beauty products retailer in Hong Kong, Water Oasis' mission is to provide supreme quality and innovative beauty services with unique personalised experiences to its customers. With the aim to solidify its strong core in Hong Kong and expand to Greater China, Asia and international markets, Water Oasis strives to maintain an organisation with a culture of agility, speed and quality. The employees are happy and fulfilled with a strong sense of engagement. The corporate motto is to "Strengthen the Momentum: Transform and Innovate".

VISION ON ENVIRONMENT, SOCIAL, AND GOVERNANCE

Beauty services are gaining popularity in Hong Kong for both men and women as the beauty industry today encompasses far more than cosmetics and skin care products. Thus, a wide range of services and products are available to suit different customer needs, including services like facial treatment, body trimming and tanning, massage services, nail care, hair removal, sauna, steam bath, skincare products and more. Our aim is to be the beauty oasis for the people we serve (customers, employees, shareholders, stakeholders) and enable them to see and feel the beauty within them.

Our vision and aspiration are:

1. To be a pioneer and a leader in the industry with a portfolio of transforming beauty services and products that could enhance the well-being of our customers;
2. To ensure that our business is sustainable and profitable providing healthy and long-term returns to our shareholders; and
3. To build a high-performance team with a culture of agility, speed and quality, ensuring our employees are happy and fulfilled with a strong sense of engagement to the Group.

Our commitments are:

1. To do business in environmentally-friendly ways to conserve resources;
2. To create a positive impact and contribute to our communities; and
3. To be an effective organisation that enhances integrity and high operational standards.

STAKEHOLDER ENGAGEMENT

The Group has been engaged in various meetings, projects, and events to communicate to various stakeholders to obtain information, comments, and feedback from them to understand their expectation in the development of the Group's business portfolio and sustainability.

INVESTORS/SHAREHOLDERS

To communicate financial performance and sustainable corporate business development prospects to investors and shareholders through:

- Annual general meetings and notices
- Annual reports, financial statements and announcements
- Corporate website
- Investors briefings

CUSTOMERS

To communicate service quality and commitment, product development and safety commitment information and to seek services and products comments through:

- Corporate website
- Customer service hotline and feedback form
- Mass media
- Mystery customer program

EMPLOYEES

To provide self-improvement and advancement opportunities, and safe work practices information in order to maintain a positive and happy team of members, and to get feedback through:

- Company sponsored in-house employee gatherings
- Comprehensive training
- Employee communication via the newsletter, memo and notice, intranet, and social network applications
- Employee feedback hotline and email
- Employees' performance appraisals and exit interview
- Quarterly CEO and employee communication meetings

SUPPLIERS

To maintain product quality and safety, mutually sustainable procurement, customer and employee confidence through:

- Contracts
- Supplier guidelines
- Vendor audit reports

COMMUNITY

To ensure corporate social responsibilities, ethical business practices, and operational transparency through:

- Corporate website
- Media coverage and press releases

ENVIRONMENTAL PROTECTION

To provide meaningful information for this ESG report, the Group is disclosing its carbon footprint as a socially responsible enterprise in Hong Kong. The carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide (CO_2) emission.

As a commercial enterprise specialising in beauty-related services, Water Oasis' businesses do not involve in production-related air, water, and land pollutions which are regulated under national laws and regulations. In addition, no hazardous waste was produced by the Group in the reporting period.

During medical related beauty treatment, potential hazardous wastes are produced, for instance, syringes, swabs, and dressing are used and disposed of. The wastes are not classified as clinical waste under the Waste Disposal Ordinance, Chapter 354 of the Laws of Hong Kong, but they are treated carefully and are properly collected by approved and certified contractor for thermal incineration. Approximately 0.091 tonnes of medical waste were collected by the licenced contractor in the reporting period.

EMISSIONS

TYPE OF EMISSIONS

Organisational boundaries: The Group accounts for 100% of emissions from its operations

There were 1,465.58 tonnes of Carbon Dioxide equivalent (CO_2-eq) greenhouse gases (mainly carbon dioxide, methane, and nitrous oxide) produced by the Group in the reporting period. The annual emission intensity was 0.1667tCO_2-eq/m^2.

The figure is contributed by:

Scope of greenhouse gas emissions	Emission sources	Emission (in tonnes of CO_2-eq)	Total emission and percentage
Scope 1			
Direct Emission	Consumption of Unleaded Petroleum by the Company Owned Fleet	63.64	63.64 (4.34%)
Scope 2			
Indirect Emission	Consumption of Purchased Electricity (2,052,687 kWh)	1,263.11	1,263.11 (86.18%)
Scope 3			
Other Indirect Emission	Disposal of Paper Waste (28.84 tonnes)	138.45	
	Water Usage (638 m^3)	0.38	138.83 (9.48%)
Total		**1,465.58**	**1,465.58 (100%)**

After deducting the removal of greenhouse gas emission by the recycling of waste paper and carton boxes, the total greenhouse gas emitted by the Group was 1,458.60tCO_2-eq with an annual emission intensity of 0.1659tCO_2-eq/m^2.

Removal of greenhouse gas emission:

Total greenhouse gas emitted	1,465.58 tCO_2-eq
Emission intensity	0.1667 tCO_2-eq/m^2
Removal by paper recycling (1.45 tonnes) – mainly paper and carton boxes	6.98 tCO_2-eq
Final total greenhouse gas emitted	1,458.60 tCO_2-eq
Annual emission intensity is reduced to	0.1659 tCO_2-eq/m^2

USE OF NATURAL RESOURCES

ENERGY AND WATER CONSUMPTION

Organisational boundaries: The headquarter office and all operating outlets

The total floor area occupied by the Group for its operations in Hong Kong was 8,791.40 m^2.

The electricity consumption by the Group was 2,052,687 kWh in the reporting period, with an energy intensity of 233.49 kWh/m^2.

Freshwater supply is adequate in Hong Kong. The water consumption of the Group was 638 m^3 in the reporting period. However, it could not represent the total water use of the Group as most of the water usage was included in the management fee of the beauty services centres. Hence, the Group is conscientious in the conservation of water resources as seen in the installation of the solenoid valve to reduce waste.

NON-HAZARDOUS WASTE PRODUCED

Organisational boundaries: The Group accounts for 100% of emissions from its operations

Non-hazardous wastes produced from the Group mainly consist of used paper (e.g. office papers, posters, marketing materials), and packaging materials (e.g. plastic bottles and carton boxes).

The Group's record indicated that 28.84 tonnes of papers were used for office operations and advertisement purposes in the reporting period of which 1.45 tonnes (5%) were recycled.

ENERGY AND WATER CONSERVATION

Electricity consumption is identified as having a significant impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The project team of the Group is working to implement energy-saving lighting fixtures by phasing in all beauty services centres to mitigate emissions and reduce electricity usage to reduce its carbon footprint.

The project team had sourced solenoid valves and installed them in all of its beauty services centres to improve its water conservation performance. A solenoid valve is an electromechanically operated valve to provide safe switching of fluid outlet; thus, it will eliminate human error and unintentional switching mistakes that will cause water wastage.

In the beauty services centres, employees are well aware of energy-saving initiatives; everyone has enforced good practices in the maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximise efficiency. Besides, the water conservation initiative and the softer lighting arrangement in the spa centres are welcomed; and the employees are pleased to support the Group's energy and water saving measures.

NATURAL RESOURCES CONSERVATION – PAPER SAVING INITIATIVES

Currently, Water Oasis implements the following paper-saving methods:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practise photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Email footnote is made to remind employees and recipients to consider the environment before printing;
- Paper waste is recycled instead of direct disposed in landfills;
- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

HUMAN CAPITAL

As at 30th September, 2015, the total number of employees of the Group in Hong Kong was 721 (706 full time employees and 15 part time employees). Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group encourages internal promotion, job opportunities are offered to existing staff and selection is based on performance, experience and skills. Employees are also encouraged to discuss their goals in job advancement and career development.

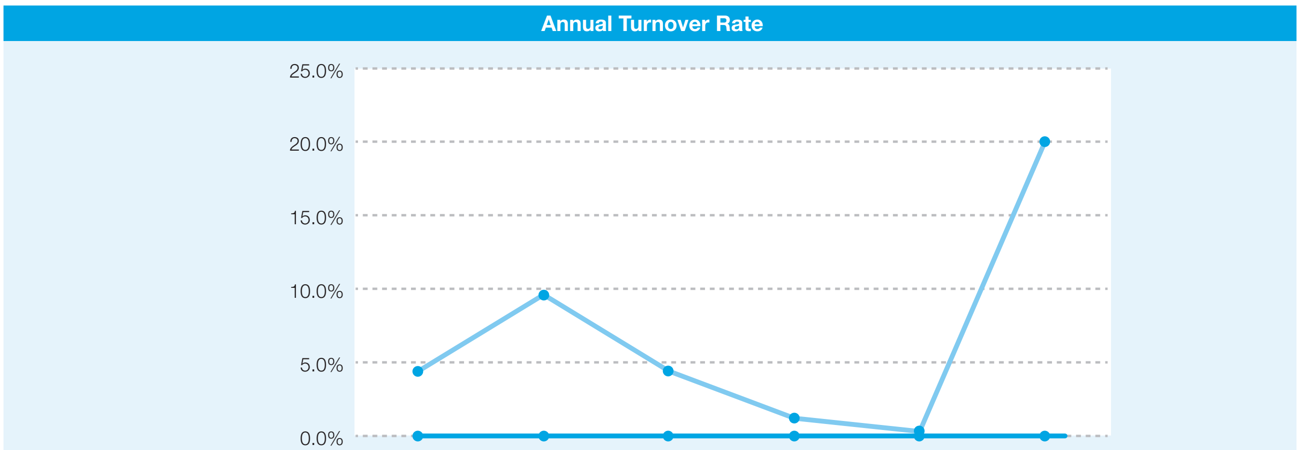
To attract, retain, and motivate employees, the Group has devised a competitive compensation and benefits package. Apart from the basic package, for instance, severance payment, mandatory provident fund, employment compensation insurance, medical insurance, annual leave, sick leave, additional compensation and benefits such as guaranteed year-end bonus, variable pay, education allowance, work-induced transportation allowance, beauty service discount, birthday present, selection of free beauty products, and paid leaves (marriage, compassionate, and birthday) are given.

The Group has devised an employee handbook to be distributed to employees which is an important communication medium since it relays important information such as the history of the company, the organisation's mission and vision, policies, procedures, and compensations and benefits. It also communicates important laws and the work ethnic surrounding employment, and occupational health and safety guidelines. It is a vital tool in helping to define the expectations of employees and management, and also to protect employees and management against unfair and/or inconsistent treatment and discrimination.

On the other hand, the Group is committed to providing various training programs to improve the quality, competence and skills of employees.

EMPLOYEE TURNOVER

Annual Turnover Rate by Age Group:



	18-25	26-35	36-45	46-55	above 55	Total
Full Time	4.4%	9.6%	4.4%	1.2%	0.4%	20.0%
Part Time	0%	0%	0%	0%	0%	0%

Age Group

The Group acknowledged that recruitment and staff retention has been challenging due to overall industry business conditions. However, it has been striving to retain employees; the unique culture of nurturing beauty internally and physically ensures that the workforce stays healthy and happy. As the workforce mainly comprises females of different ages and ethnic backgrounds, the Group seeks to inspire employees to live a beautiful and happy life full of excitement by supporting a variety of company organised activities. To view from another perspective of the turnover rate, with an ageing population being a long-term demographic trend in Hong Kong, the workforce of the Group is sustainable as the composition of employees is not dependent on any age group.

EMPLOYEE HEALTH AND SAFETY

The Group has been actively engaged in maintaining the employees' well-being through adopting various occupational health and safety measures. Guidelines on employees' health and safety procedure are developed to maintain a healthy and safe working environment for employees. Regular health and safety training, safety tips in internal newsletters, and briefings in service centres are provided with the aim to promote and enhance safety awareness and practices among employees.

Occupational Health and Safety Data:

Work related fatality	0
Work injury cases >3 days	5
Work injury cases <3 days	4
Lost days due to work injury	184.5
Work injury rate	6.93

The work injury rate of the Group was 6.93, and the total days lost as a result of injured employees was 184.5 in the reporting period. The Group's management is responsible for the overall safety and hygiene performance of employees to ensure work safety.

EMPLOYEE DEVELOPMENT AND TRAINING

The Group understands that human resources are important in service provision and also one of its most vital assets, thus a series of training programs have been developed to ensure employees are trained professionally. For instance, all newly-hired employees attend Employee Orientation to understand the Group's history, vision and mission, core value, milestones, corporate culture, working atmosphere, compensation and benefit, and progression and promotion opportunities; and the Group has a policy to ensure all newly-hired employees are properly trained. A total of 7,325.5 hours training programs were offered by the Group to newly-hired and current employees in the reporting period.

Beauty services offer more than physical beauty treatment; they involve a lot of personal and intimate exchange and interaction to achieve the result expected by the customers. The fact is that classroom and theoretical training may not provide sufficient knowledge and skills for the employees to understand the physical and psychological needs of the customers; thus, on-the-job training programs are designed to serve as a platform for employees to enhance their technical skills and to further develop their potential.

The Group is dedicated to providing career development opportunities and enhancing job satisfaction by setting individual goals, as well as encouraging a dynamic and energetic working attitude in the workplace. Attractive incentive offers are in place to reward employees with outstanding performance at work. A number of product knowledge training programs are also provided to develop related professionals with the aim to train and guide them to progress and advance in the industry.

Category of Corporate Training and Development Programs:

- Product knowledge
- Technical skills
- Customer service
- Selling techniques
- Coaching skills
- Emotional intelligence
- People management
- Time management

EMPLOYEE COMMUNICATIONS

To increase employee engagement, the Group encourages candid internal communication and by offering a series of communication platforms, news and information of the Group are effectively communicated while feedback and suggestions from employees are welcomed. To attract and retain high-calibre talent while cultivating a strong sense of belonging among employees, the Group's internal newsletter "奧思匯聚" is published three times annually to keep employees up to date on the latest news and developments. The media provides a way to document the Group's development, employees' achievement, and important events. The newsletter is also a means to promote a work-life balance and to strengthen the bond between employees by providing employee job promotion announcements, internal competition results, professional beauty techniques, and employees sharing of their experiences in hobbies and leisure activities, cooking and travelling tips, etc. New employees can easily understand the history and the interactive and supportive culture of the Group through the media.

The annual dinner organised by the Group is also the highlight of employee communication functions; it is an appreciation night to recognise the employees, to celebrate their loyalty to and passion for working with the Group, and to enhance corporate team-building. The theme designed every year is to emphasise the corporate motto "Strengthen the Momentum: Transform and Innovate", with special events like talent competitions, and catwalk performance competition to promote innovation and beauty transformation.

LABOUR STANDARDS

There is no child nor forced labour in the Group's operations, it is in compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management. The recruitment process is strictly abided by the guidelines of the Group's Human Resource Department, a recruitment questionnaire is used to collect additional information from job applicants, and as such the proper and right candidate will be hired in accordance with the job requirements and candidates' expectations in order to create a happy and sustainable workforce.

EQUAL OPPORTUNITY

The Group provides equal opportunities for employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group also appreciates the importance of cultural diversity in the development of Water Oasis, and employs employees in a wide range of ages, genders, and ethnicities.

OPERATING PRACTICES

PRODUCT RESPONSIBILITY

SUPPLY CHAIN MANAGEMENT

The quality and safety of beauty products are among the top priorities of Water Oasis; its procurement management system oversees and manages processes from raw materials and ingredients selection, product formulation, product packaging, quality management system in factories, transportation, and final products used in beauty services centres. The Group is committed to ensure its supply chain is operating as efficiently as possible to ensure its beauty products are safe and standardised. In other words, to ensure that suppliers and manufacturers maintain the desired quality of production and engage in ethical business practices, transportation vendors deliver goods and products in a timely manner under controlled procedures, and that beauticians ensure the quality of service provision. The Group's beauty products had won a number of awards in Hong Kong and we will continue to maintain our products' quality.

GROUP PROCUREMENT

As a responsible member of the community and to ensure product safety and service quality, the Group's procurement policy is to ensure all goods and service are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money.

PROCUREMENT PLANNING

The procurement of equipment, products and services requires a strict tendering process to get the best supplier available for the Group's particular needs. The request for tender is well-planned in the annual budgeting process and prepared by responsible departments which abide by the Group's code of conduct (the "Code of Conduct").

VENDOR SELECTION AND SELECTION STANDARDS

Suppliers are selected based upon rational and clear criteria, such as production process, quality management system, regulatory requirement compliance, operating capacity, sample availability for testing, packaging, management's commitment, training policy and procedure, price, delivery assurance, and product recall policy, so as to procure superior goods and services from the most competitive sources. Additional information such as observation results after suppliers' production plant visits is used to evaluate the suppliers in order to have the best selected providers. The Group also monitors the overall performance of selected suppliers by conducting vendor audits with documented reports to substantiate the selection and on-going cooperation. Currently, the ingredients of the Group's signature product Glycel, which is manufactured in Switzerland, and its packaging materials are sourced from 19 suppliers in seven countries including Switzerland, Japan, South Korea, Germany, Taiwan, China and Hong Kong. While the beauty treatment-related materials are sourced from 24 suppliers of 10 countries, the top five most-used supplies are from Italy, Singapore, Malaysia, Hong Kong, and Spain.

PRODUCT RECALL POLICY

The Group has devised product recall procedures to ensure product safety and customer protection. Although there has been no product recall in the history of the Group, the policy is in place to signify the Group's commitment to consumer safety.

GOVERNANCE

ANTI-CORRUPTION

The Group is committed to conducting all business without undue influence and has regarded honesty, integrity, and fairness as its core values that must be upheld by all directors and employees at all times. To formalise the commitments, the Code of Conduct has set out the requirements expected of all directors and employees, and the Group's policy on bribery prevention when dealing with its business. The Code of Conduct states clearly that neither directors nor employees shall obtain or provide benefits to customers, contractors, suppliers, or people with business relationship with the Group. Accepting voluntary gifts must be declared and have undergone the approval process as administered by the Group's Human Resource Department.

CONFLICT OF INTEREST

The Code of Conduct states that all directors and employees should avoid the conflict between personal interest and the professional official duties in the Group. A situation in which employees exercise authority, influence decisions and actions or gain access to company assets and information through their employment in the Group to achieve private and personal gain is strictly prohibited. The policy also requires employees to declare any conflict of interest by completing the required form as instructed by the Group's Human Resource Department.

DATA PROTECTION POLICY

The Group's Information Technology Department has devised a comprehensive data protection policy to provide adequate protection and confidentiality of all corporate data and proprietary information. To comply with the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong and to protect the rights of employees, customers, and business partners, access control protocol is clearly defined to limiting the access to a system or to physical or virtual resources. The Group employs a comprehensive enterprise resources planning system for its finance-related operations to ensure privacy and maintain information confidentiality. The Group strictly abides with the regulation in the collection, usage, handling, and storage of data to ensure data integrity and safety. Besides, the data protection policy clearly states the responsibility of different employees in their job duties for data protection to minimise risks.

COMMUNITY INVOLVEMENT

CHARITY SALES DONATION

To celebrate the 30th anniversary of the Group's signature product Glycel in the market, it has partnered with World Vision Hong Kong, a Christian humanitarian organisation working to create lasting change in the lives of children, families and community living in poverty, to organise a charity sales campaign to promote its new product and at the same time donating a portion of the proceeds to World Vision Hong Kong to support the women in developing countries to establish their own businesses and raise their families independently.

COMMUNITY SERVICE CONTRIBUTION

The Group has always been supporting the annual charity gala dinner organised by Wai Yin Association. The Group has been sponsoring the event by making monetary donations as well as donating Glycel's signature products to support Wai Yin Association's mission of "Making a difference for a better tomorrow".

Moreover, the Group had joined hands with various social services organisations (e.g. The Evangelical Lutheran Church of Hong Kong Social Service Centre) and education centres appointed by the Employees Retraining Board (e.g. Caritas Cosmetic Career Centre) to organise a number of career development seminars in the reporting period. The aim was to provide local students with information and an understanding on future career choices and development in the beauty services and beauty products retailing industry. One hundred and seventy students participated in eight seminars and the Group will continue to explore more opportunities in contributing to community services.

FUTURE DIRECTION TOWARDS SUSTAINABLE DEVELOPMENT

In the future, the Group will:

- Seek energy-saving and environmentally-friendly appliances, equipment, and materials for its new and existing beauty services centres when renovation takes place;
- Proactively formulate policy to promote awareness and practices on resource usage reduction, waste reduction and energy conservation;
- Consider ways to minimise environmental impact by simplifying product packaging;
- Seek opportunities to work with charity partners to get involved in various community programs and contribute to society; and
- Strive to accommodate and adapt to stakeholders' needs in realistic and reasonable ways.

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, 2015.

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, 2015 are set out in note 34 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th September, 2015 are set out in the consolidated statement of profit or loss on page 46.

The directors have recommended a final dividend of 2.5 HK cents per share for the year ended 30th September, 2015 payable to shareholders whose names appear on the register of members of the Company at the close of business on 7th March, 2016. Subject to the passing of the relevant resolution at the forthcoming AGM, the final dividend will be payable on 21st March, 2016.

SHARE CAPITAL

Details of the Company's authorised and issued share capital as at 30th September, 2015 are set out in note 28 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 50.

INVESTMENT PROPERTIES

The values of the investment properties as at 30th September, 2015 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 97.

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, Prof. Wong Lung Tak, Patrick and Mr. Wong Chun Nam, Duffy will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Pursuant to the code provision A.4.3 of the CG Code, Prof. Wong Lung Tak, Patrick and Mr. Wong Chun Nam, Duffy have served as the independent non-executive directors of the Company for more than 9 years and their re-election at the forthcoming AGM will be subject to separate resolutions to be approved by the shareholders.

The Company considers that Prof. Wong Lung Tak, Patrick, Mr. Wong Chun Nam, Duffy 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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2015, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company 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	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	0.2%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND 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, 2015, save as disclosed therein, none of the directors, chief executive or any of their close associates had any interests and 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 29 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, 2015.

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, 2015.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2015, the following persons and corporations, other than a director or the chief executive of the Company as disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", had an interest and short position in the shares, underlying shares and debentures 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, with 5% interest or more of the issued share capital of the Company:

LONG POSITION IN THE SHARES AND UNDERLYING SHARES

Name of shareholders	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	20.3%

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, the 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, the 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, 2015, no other person (other than the directors and the chief executive of the Company) had any interests and short positions in the shares, underlying shares and debentures 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, 2015.

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, 2015 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.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30th September, 2015.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30th September, 2015, the aggregate purchases attributable to the Group's five largest suppliers and largest supplier represented approximately 57.1% and 25.0% 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 times during the year ended 30th September, 2015, 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, 2015, the distributable reserves of the Company amounted to approximately HK$46.3 million (2014: HK$51.9 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, 2015 amounted to approximately HK$260.0 million (2014: HK$243.4 million). The Group generally finances its operation with internally generated resources.

As at 30th September, 2015, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK$284.8 million (2014: HK$302.7 million), was approximately 9.0% (2014: 9.4%). Details of the secured mortgage loan are set out in note 27 to the consolidated financial statements.

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, 2015.

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 30th September, 2015.

EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2015, the Group employed 784 staff (as at 30th September, 2014: 809 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, 2015.

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, 2015.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares of the Company. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares of the Company, they are advised to consult an expert.

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, 2015, the amount of public float as required under the Listing Rules.

AUDIT COMMITTEE

The Company's Audit Committee comprises Prof. Wong Lung Tak, Patrick, Mr. Wong Chun Nam, Duffy 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, 2015 with management and discussed with the independent auditor on auditing, internal control and financial reporting matters in respect of this report.

INDEPENDENT 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. Having approved by the Board upon the recommendation of the Audit Committee, a resolution to re-appoint Deloitte Touche Tohmatsu as the independent auditor and to authorise the Board to fix its remuneration will be proposed at the forthcoming AGM.

On Behalf of the Board

YU Kam Shui, Erastus
Executive Director

Hong Kong, 23rd December, 2015

Independent Auditor's Report

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
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 46 to 96, which comprise the consolidated statement of financial position as at 30th September, 2015, 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 financial position of the Group as at 30th September, 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 23rd December, 2015

Consolidated Statement of Profit or Loss

		FOR THE YEAR ENDED 30TH SEPTEMBER,	
		2015	2014
	Notes	HK$'000	HK$'000
Turnover	8	**691,681**	679,049
Purchases and changes in inventories of finished goods		**(63,054)**	(71,534)
Other income		**6,305**	8,303
Other gains or losses	9	**1,179**	7,073
Staff costs	15	**(298,288)**	(279,269)
Depreciation of property and equipment		**(23,903)**	(24,331)
Finance costs	10	**(583)**	(646)
Other expenses		**(244,805)**	(253,415)
Profit before taxation		**68,532**	65,230
Taxation	11	**(16,043)**	(19,666)
Profit for the year	12	**52,489**	45,564
Profit for the year attributable to:			
Owners of the Company		**50,563**	47,930
Non-controlling interests		**1,926**	(2,366)
		52,489	45,564
Earnings per share			
Basic and diluted	13	**6.6 HK cents**	6.3 HK cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	FOR THE YEAR ENDED 30TH SEPTEMBER,	
	2015	2014
	HK$'000	HK$'000
Profit for the year	**52,489**	45,564
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(528)**	(181)
Reclassification adjustment of other comprehensive income upon strike off of a subsidiary	**95**	–
Total comprehensive income for the year	**52,056**	45,383
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**50,166**	47,704
Non-controlling interests	**1,890**	(2,321)
	52,056	45,383

Consolidated Statement of Financial Position

AS AT 30TH SEPTEMBER,

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Intangible assets	17	**59,130**	59,389
Goodwill	18	**3,012**	3,012
Investment properties	19	**230,874**	229,478
Property and equipment	20	**38,074**	38,482
Rental deposits	21	**33,639**	34,745
Deferred tax assets	31	**3,798**	5,380
		368,527	370,486
Current assets			
Inventories	22	**33,096**	34,143
Trade receivables	23	**27,185**	25,662
Prepayments		**53,491**	47,348
Tax recoverable		**–**	287
Other deposits and receivables		**8,492**	12,766
Bank balances and cash	24	**260,030**	243,367
		382,294	363,573
Current liabilities			
Trade payables	25	**2,167**	8,473
Accruals and other payables		**78,782**	79,836
Receipts in advance	26	**327,883**	287,407
Secured mortgage loan – due within one year	27	**2,993**	2,930
Tax payable		**20,168**	16,057
		431,993	394,703
Net current liabilities		**(49,699)**	(31,130)
Total assets less current liabilities		**318,828**	339,356

Consolidated Statement of Financial Position
(Continued)

AS AT 30TH SEPTEMBER,

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	28	**76,395**	76,395
Reserves		**201,188**	220,366
Equity attributable to owners of the Company		**277,583**	296,761
Non-controlling interests		**7,210**	5,983
Total equity		**284,793**	302,744
Non-current liabilities			
Secured mortgage loan – due after one year	27	**22,558**	25,551
Deferred tax liabilities	31	**11,477**	11,061
		34,035	36,612
		318,828	339,356

The consolidated financial statements on pages 46 to 96 were approved and authorised for issue by the Board of Directors on 23rd December, 2015 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	Other reserve[(c)] HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st October, 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
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50,563**	**50,563**	**1,926**	**52,489**
Exchange differences arising on translation of foreign operations	**–**	**–**	**(542)**	**–**	**–**	**–**	**–**	**–**	**(542)**	**14**	**(528)**
Reclassification adjustment of other comprehensive income upon strike off of a subsidiary	**–**	**–**	**145**	**–**	**–**	**–**	**–**	**–**	**145**	**(50)**	**95**
Total comprehensive income for the year	**–**	**–**	**(397)**	**–**	**–**	**–**	**–**	**50,563**	**50,166**	**1,890**	**52,056**
Acquisition of additional equity interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(589)**	**–**	**(589)**	**(663)**	**(1,252)**
2014 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,197)**	**(38,197)**	**–**	**(38,197)**
2015 interim dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(30,558)**	**(30,558)**	**–**	**(30,558)**
	–	**–**	**–**	**–**	**–**	**–**	**(589)**	**(68,755)**	**(69,344)**	**(663)**	**(70,007)**
At 30th September, 2015	**76,395**	**38,879**	**23,836**	**(1,766)**	**450**	**1,797**	**(589)**	**138,581**	**277,583**	**7,210**	**284,793**

(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 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 PRC.

(c) During the year ended 30th September, 2015, the Group acquired an additional 25% equity interests of a non-wholly owned subsidiary 上海奧薇化妝品商貿有限公司（"奧薇"）. 奧薇 became a wholly owned subsidiary of the Group after this acquisition. The difference between the consideration paid and the carrying value of the interest acquired amounting to HK$589,000 was charged to other reserve.

Consolidated Statement of Cash Flows

	FOR THE YEAR ENDED 30TH SEPTEMBER,	
	2015 HK$'000	2014 HK$'000
Operating activities		
Profit before taxation	**68,532**	65,230
Adjustments for:		
Allowance for doubtful debts	**274**	–
Amortisation of intangible assets	**259**	259
Depreciation of property and equipment	**23,903**	24,331
Gain on fair value change of investment properties	**(1,396)**	(6,744)
Interest expenses on secured mortgage loan	**583**	646
Interest income on bank deposits	**(1,365)**	(1,216)
Loss (gain) on disposal/write-off of property and equipment	**108**	(119)
Loss on strike off of a subsidiary	**95**	–
Write-down of inventories	**–**	1,119
Operating cash flows before movements in working capital	**90,993**	83,506
Decrease in inventories	**1,047**	13,695
Increase in trade receivables	**(1,831)**	(1,362)
Increase in rental deposits, prepayments, other deposits and receivables	**(898)**	(10,021)
(Decrease) increase in trade payables	**(6,234)**	1,693
(Decrease) increase in accruals and other payables	**(941)**	7,034
Increase in receipts in advance	**40,811**	14,922
Decrease in pension obligations	**–**	(116)
Cash generated from operations	**122,947**	109,351
Hong Kong Profits Tax paid	**(9,613)**	(9,702)
Other jurisdictions tax paid	**–**	(125)
Net cash from operating activities	**113,334**	99,524

Consolidated Statement of Cash Flows
(Continued)

	FOR THE YEAR ENDED 30TH SEPTEMBER,	
	2015	2014
	HK$'000	HK$'000
Investing activities		
Purchase of property and equipment	**(24,110)**	(19,148)
Interest received on bank deposits	**1,365**	1,131
Proceeds on disposal of property and equipment	**489**	390
Increase in intangible assets	**–**	(164)
Net cash used in investing activities	**(22,256)**	(17,791)
Financing activities		
Dividends paid	**(68,755)**	(19,099)
Repayment of secured mortgage loan	**(2,930)**	(3,102)
Acquisition of additional equity interest in a subsidiary	**(1,252)**	–
Interest paid on secured mortgage loan	**(583)**	(701)
Cash used in financing activities	**(73,520)**	(22,902)
Net increase in cash and cash equivalents	**17,558**	58,831
Cash and cash equivalents at beginning of the year	**243,367**	184,708
Effect of foreign exchange rate changes	**(895)**	(172)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**260,030**	243,367

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 and PRC and the operation of beauty salons, spa and medical beauty centres in Hong Kong and 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, 2015, 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)")

The Group has applied the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs and the new Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years 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)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

The Group has not yet applied the new and revised standards and amendments 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 (the "Listing Rules") 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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.

Change in the Group's ownership interest in existing subsidiary

Change in the Group's ownership interest in existing subsidiary that does not result in the Group losing control over the subsidiary is accounted for as equity transaction. The carrying amount of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 transaction costs. Subsequent to initial recognition, investment properties are measured at their fair values. Gains and losses arising from changes in the fair value of investment properties are included in 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 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 licences 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 licences is provided on a straight-line method over the licence 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 on 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 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 impairment (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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment of financial assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

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.

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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 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 expenses on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as expenses 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 liabilities. The aggregate benefit of incentives is recognised as a reduction of rental expenses 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 experiences 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, 2015 was approximately HK$18,553,000 (2014: HK$23,657,000). 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 for both years. 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$133,871,000 (2014: HK$160,740,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK$4,206,000 (2014: HK$10,553,000) of such losses. Determining whether deferred tax assets with carrying amounts of approximately HK$769,000 as at 30th September, 2015 (2014: HK$2,307,000) 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, 2015, the carrying amounts of the Group's intangible assets with definite and indefinite useful lives were approximately HK$234,000 (2014: HK$493,000) and HK$58,896,000 (2014: 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 balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt as disclosed in note 27 and equity attributable to owners of the Company, comprising share capital, share premium, exchange reserve, capital reserve, capital redemption reserve, statutory fund reserve, other 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

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**287,910**	270,312
Financial liabilities		
Amortised cost	**36,348**	50,282

(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, 2015, 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 PRC which accounted for 99% (2014: 100%) of the total trade receivables as at 30th September, 2015.

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. 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:

	2015 HK$'000	2014 HK$'000
Assets		
United States Dollar ("US$")	**32,708**	41,242
Japanese Yen ("Yen")	**37**	40
Euro ("Eur")	**190**	5
Liabilities		
US$	**213**	4,051
Yen	**–**	374
Eur	**–**	76

Sensitivity analysis

The Group is mainly exposed to the fluctuation of Yen and Eur.

Since HK$ is pegged to US$, relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to HK$ against Yen and Eur. 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$ against Yen and Eur will have the following decrease (2014: increase) profit for the year and vice versa.

	2015 HK$'000	2014 HK$'000
HK$ against Yen	**2**	14
HK$ against Eur	**8**	3

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 27 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 27.

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:

	2015 **HK$'000**	2014 HK$'000
Financial assets	**23,566**	28,075
Financial liabilities	**25,551**	28,481

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, 2015 would decrease by HK$107,000 (2014: HK$119,000) 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, 2014 and 30th September, 2015, 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, 2015 HK$'000
2015								
Trade payables	–	2,167	–	–	–	–	2,167	2,167
Other payables	–	8,630	–	–	–	–	8,630	8,630
Secured mortgage loan	2.15	293	585	2,635	14,052	10,246	27,811	25,551
		11,090	585	2,635	14,052	10,246	38,608	36,348

	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

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:

	2015 HK$'000	2014 HK$'000
Turnover		
Retail segment	**182,153**	200,002
Services segment	**509,528**	479,047
	691,681	679,049

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	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Sales to external customers	182,153	200,002	509,528	479,047	–	–	691,681	679,049
Inter-segment sales	57,902	51,923	–	–	(57,902)	(51,923)	–	–
Total	240,055	251,925	509,528	479,047	(57,902)	(51,923)	691,681	679,049
Segment results	26,467	4,316	100,684	105,947	–	–	127,151	110,263
Other income							6,305	8,303
Other gains or losses							1,179	7,073
Finance costs							(583)	(646)
Central administrative costs							(65,520)	(59,763)
Profit before taxation							68,532	65,230

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	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
OTHER SEGMENT INFORMATION						
Depreciation of property and equipment	6,101	8,144	17,802	16,187	23,903	24,331
Allowance for doubtful debts	274	–	–	–	274	–
Amortisation of intangible assets	259	259	–	–	259	259
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 and PRC (2014: Hong Kong, Macau, 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	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Hong Kong and Macau	**673,132**	651,153	**301,196**	299,598
PRC	**18,549**	20,972	**1,625**	3,596
Taiwan	**–**	2,911	**–**	2
Singapore	**–**	4,013	**–**	2
	691,681	679,049	**302,821**	303,198

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

	2015 HK$'000	2014 HK$'000
Gain on fair value change of investment properties	**1,396**	6,744
(Loss) gain on disposal/write-off of property and equipment	**(108)**	119
Net exchange (loss) gain	**(14)**	210
Loss on strike off of a subsidiary	**(95)**	–
	1,179	7,073

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest expenses on secured mortgage loan	**583**	646

11. TAXATION

	2015 HK$'000	2014 HK$'000
Current tax		
Hong Kong Profits Tax	**14,877**	15,016
(Over) under provision in prior years	**(866)**	175
	14,011	15,191
Deferred taxation (note 31)	**2,032**	4,475
	16,043	19,666

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year after setting off available tax losses brought forward from prior years.

PRC Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2014: 25%) on the assessable profits.

Withholding tax has been imposed on dividends payable to foreign shareholders out of profits generated by companies established in PRC. Deferred taxation has been provided for in respect of the undistributed profits from the Company's PRC subsidiaries as set out in note 31.

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:

	2015 HK$'000	2014 HK$'000
Profit before taxation	**68,532**	65,230
Tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	**11,308**	10,763
Effect of different tax rates applied in other jurisdictions	**397**	(45)
Tax effect of income not taxable for tax purpose	**(3,028)**	(1,273)
Tax effect of expenses not deductible for tax purpose	**6,980**	817
Utilisation of tax losses previously not recognised	**(3,543)**	(4,265)
Tax effect of tax losses not recognised	**3,157**	12,114
(Over) under provision in prior years	**(866)**	175
Tax effect of withholding tax arising from undistributable profits of subsidiaries	**157**	(1,266)
Others	**1,481**	2,646
Taxation for the year	**16,043**	19,666

12. PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000
Profit for the year is stated at after charging:		
Auditor's remuneration	**1,168**	1,424
Amortisation of intangible assets	**259**	259
Allowance for doubtful debts	**274**	–
Write-down of inventories	**–**	1,119
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**124,210**	132,119
– contingent rents	**3,331**	3,897
and after crediting:		
Interest income on bank deposits	**1,365**	1,216
Rental income from investment properties	**4,437**	4,590

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:

	2015 HK$'000	2014 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**50,563**	47,930

	Number of shares	
	2015	2014
Number of ordinary shares for the purposes of basic and diluted earnings per share	**763,952,764**	763,952,764

Diluted earnings per share for the years ended 30th September, 2015 and 2014 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

14. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Interim dividend declared and paid of 4.0 HK cents (2014: 1.0 HK cent) per share	**30,558**	7,640
Final dividend proposed after the end of the reporting period of 2.5 HK cents (2014: 5.0 HK cents) per share	**19,099**	38,197
	49,657	45,837

The 2015 final dividend of 2.5 HK cents (2014: 5.0 HK cents) per share, amounting to approximately HK$19,099,000 (2014: HK$38,197,000), 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, 2015 were approximately HK$68,755,000 (2014: HK$19,099,000).

15. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2015 HK$'000	2014 HK$'000
Wages, salaries, bonuses and allowances	**287,580**	267,851
Pension costs – defined benefit plan (note 30)	**–**	(116)
Pension costs – defined contribution plans	**10,526**	11,181
Unutilised annual leave	**182**	353
	298,288	279,269

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	2015 Total emoluments HK$'000	2014 Total emoluments HK$'000
Yu Kam Shui, Erastus[(4)(6)]	–	897	826	12	**1,735**	1,598
Tam Chie Sang	–	897	726	18	**1,641**	1,341
Yu Lai Chu, Eileen	–	897	726	18	**1,641**	1,341
Lai Yin Ping	–	897	726	18	**1,641**	1,341
Wong Lung Tak, Patrick[(1)(2)(3)(4)(5)(6)]	200	–	–	–	**200**	200
Wong Chun Nam, Duffy[(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)]	–	5,000	100	18	**5,118**	4,677
Total for the year 2015	600	8,588	3,104	84	**12,376**	
Total for the year 2014	600	8,249	1,969	80		10,898

(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 Chief Executive Officer of the Company

Details of the Company's share option scheme are disclosed in note 29.

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 (2014: none) was a director of the Company. Emoluments payable to the five (2014: five) individuals during the year were as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries and other allowances	**19,247**	17,122
Bonuses	**250**	358
Retirement benefit costs	**90**	80
	19,587	17,560

Their emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$2,500,001 – HK$3,000,000	**–**	2
HK$3,000,001 – HK$3,500,000	**2**	1
HK$3,500,001 – HK$4,000,000	**2**	1
HK$4,500,001 – HK$5,000,000	**–**	1
HK$5,000,001 or above	**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

	Licence fees HK$'000	Trademarks HK$'000	Total HK$'000
COST			
At 1st October, 2013	872	58,896	59,768
Additions	164	–	164
At 30th September, 2014 and 30th September, 2015	1,036	58,896	59,932
ACCUMULATED AMORTISATION			
At 1st October, 2013	284	–	284
Charged for the year	259	–	259
At 30th September, 2014	543	–	543
Charged for the year	**259**	**–**	**259**
At 30th September, 2015	**802**	**–**	**802**
CARRYING VALUE			
At 30th September, 2015	**234**	**58,896**	**59,130**
At 30th September, 2014	493	58,896	59,389

Expenditure on acquiring licences for sale of products is capitalised. The Group's licence fees have definite useful lives and are amortised over respective licence 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, 2013, 30th September, 2014 and 30th September, 2015	3,012

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

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, 2015 and 2014, 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% (2014: 16%). Other key assumptions for the value in use calculation 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, 2015 and 2014, management of the Group has determined that there are no impairment required to be recognised for its CGU containing goodwill or trademarks with indefinite useful lives.

19. INVESTMENT PROPERTIES

	2015 **HK$'000**	2014 HK$'000
FAIR VALUE		
At the beginning of the year	**229,478**	222,734
Increase in fair value recognised in the consolidated statement of profit or loss	**1,396**	6,744
At the end of the year	**230,874**	229,478

19. INVESTMENT PROPERTIES (Continued)

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

	2015 HK$'000	2014 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**230,874**	229,478

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, 2015 and 2014 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 is 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, 2015 and 2014:

Category	Fair value hierarchy	Fair value at 2015 HK$'000	Fair value at 2014 HK$'000	Valuation technique	Key unobservable input	Range or weighted average of unobservable input 2015	Range or weighted average of unobservable input 2014	Relationship of unobservable input to fair value
Commercial properties	Level 3	**230,874**	229,478	Income approach	Reversionary yield (derived from monthly market rent)	**3.0-5.0%**	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, 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
Additions	**10,953**	**1,663**	**476**	**10,742**	**276**	**24,110**
Disposals	**(19)**	**(1,535)**	**(2)**	**(2)**	**–**	**(1,558)**
Write-off	**(17,646)**	**–**	**(3,962)**	**(1,077)**	**(882)**	**(23,567)**
Exchange realignment	**(183)**	**(3)**	**(62)**	**(84)**	**(10)**	**(342)**
At 30th September, 2015	**104,751**	**3,856**	**8,790**	**63,627**	**9,446**	**190,470**
Accumulated depreciation						
At 1st October, 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
Provided for the year	**16,011**	**782**	**1,093**	**5,391**	**626**	**23,903**
Eliminated on disposals	**(19)**	**(1,535)**	**(2)**	**(2)**	**–**	**(1,558)**
Eliminated on write-off	**(17,609)**	**–**	**(3,959)**	**(522)**	**(880)**	**(22,970)**
Exchange realignment	**(174)**	**(3)**	**(61)**	**(77)**	**(9)**	**(324)**
At 30th September, 2015	**86,198**	**2,120**	**7,489**	**47,957**	**8,632**	**152,396**
Carrying value						
At 30th September, 2015	**18,553**	**1,736**	**1,301**	**15,670**	**814**	**38,074**
At 30th September, 2014	23,657	855	1,922	10,881	1,167	38,482

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

22. INVENTORIES

	2015 HK$'000	2014 HK$'000
Finished goods – merchandises	**33,096**	34,143

23. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**27,774**	26,755
Less: allowances for bad and doubtful debts	**(589)**	(1,093)
Total trade receivables	**27,185**	25,662

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

	2015 HK$'000	2014 HK$'000
0 to 30 days	**27,151**	25,576
31 days to 60 days	**12**	12
61 days to 90 days	**–**	71
Over 90 days	**22**	3
	27,185	25,662

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$22,000 (2014: HK$3,000) 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:

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	**1,093**	1,093
Impairment loss recognised	**274**	–
Write-off of trade receivables	**(778)**	–
Balance at end of the year	**589**	1,093

24. BANK BALANCES AND CASH

Bank balances are mainly denominated in the functional currencies of respective group entities, which carry interest at 0.8% (2014: 0.9%) 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:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**2,167**	8,473

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. SECURED MORTGAGE LOAN

	2015 HK$'000	2014 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**2,993**	2,930
Non-current liabilities	**22,558**	25,551
	25,551	28,481

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

	2015 HK$'000	2014 HK$'000
Within 1 year	**2,993**	2,930
1 year to less than 2 years	**3,058**	2,993
2 years to less than 3 years	**3,125**	3,058
3 years to less than 4 years	**3,191**	3,125
4 years to less than 5 years	**3,261**	3,191
5 years or more	**9,923**	13,184
	25,551	28,481
Less: Amount due within one year shown under current liabilities	**(2,993)**	(2,930)
Amount shown under non-current liabilities	**22,558**	25,551

The mortgage loan, which is denominated in Hong Kong dollars, is secured by the Group's investment properties with a carrying value of HK$230,874,000 as at 30th September, 2015 (2014: HK$229,478,000). It bears interest at 2.85% (2014: 2.85%) below the bank's Hong Kong Dollar Best Lending Rate per annum. The effective interest rate is approximately 2.15% (2014: 2.15%) per annum.

28. SHARE CAPITAL

	As at 30th September, 2015 HK$'000	As at 30th September, 2014 HK$'000
Authorised: 2,000,000,000 (2014: 2,000,000,000) ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid: 763,952,764 (2014: 763,952,764) ordinary shares of HK$0.1 each	**76,395**	76,395

29. SHARE OPTIONS

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, 2015.

30. PENSION OBLIGATIONS

(a) Defined Contribution Plans

(i) The Group operates a Mandatory Provident Fund ("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 PRC subsidiaries are members of the state-managed retirement benefits schemes operated by PRC government. 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 participated 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 had an obligation to ensure that there were sufficient funds in the defined benefit plan to pay the promised benefits to employees when they attained the age of retirement. The subsidiary contributed 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 became inactive, the entire defined benefit obligations amounting to HK$116,000 were recognised in the consolidated statement of profit or loss for the year ended 30th September, 2014.

31. 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$'000	Undistributed profits of PRC subsidiaries HK$'000	Total HK$'000
At 1st October, 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)
Exchange realignment	**–**	**16**	**–**	**18**	**34**
Charged to the consolidated statement of profit or loss	**(321)**	**(1,554)**	**–**	**(157)**	**(2,032)**
At 30th September, 2015	**2,201**	**769**	**(9,718)**	**(931)**	**(7,679)**

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:

	2015 HK$'000	2014 HK$'000
Deferred tax assets	**3,798**	5,380
Deferred tax liabilities	**(11,477)**	(11,061)
	(7,679)	(5,681)

At the end of the reporting period, the Group had unused tax losses of approximately HK$133,871,000 (2014: HK$160,740,000) available for offset against future profits. Deferred tax assets had been recognised in respect of HK$4,206,000 (2014: HK$10,553,000) of such losses. No deferred tax asset had been recognised in respect of the remaining HK$129,665,000 (2014: HK$150,187,000) due to the unpredictability of future profit streams.

32. 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:

	2015 HK$'000	2014 HK$'000
Investment properties	**230,874**	229,478

33. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital Commitments

	2015 HK$'000	2014 HK$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**2,889**	1,500

(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	2015 HK$'000	2014 HK$'000
Not later than 1 year	**5,376**	3,387
More than 1 year and not later than 5 years	**6,296**	–
	11,672	3,387

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

33. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (Continued)

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

As lessees Rental payments	2015 HK$'000	2014 HK$'000
Not later than 1 year	**95,420**	121,604
More than 1 year and not later than 5 years	**82,087**	92,195
	177,507	213,799

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.

34. 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%	Inactive

34. 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 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

34. 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)*	PRC 9th February, 2002	US$200,000	90.1%	Inactive
奧泉（上海）商貿有限公司 *(Note 1)*	PRC 9th March, 2006	US$200,000	100%	Retail sales of skincare products and operating of beauty salons in PRC
Water Oasis (Singapore) Pte. Limited *(Note 3)*	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 PRC
WO Central China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK$100,000	100%	Investment holding in PRC
WO South China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK$100,000	100%	Investment holding in PRC
Oasis Cosmetic Holdings Company Limited	Hong Kong 17th June, 2008	Ordinary share HK$1	100%	Investment holding in PRC
伊蒲雪化妝品商貿（上海）有限公司 *(Note 1)*	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)*	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)*	PRC 5th February, 2009	US$500,000	100%	Inactive

34. 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)*	PRC 22nd April, 2009	US$1,400,000	100%	Inactive
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
Water Babe Company Limited *(Note 4)*	Taiwan 17th September, 1999	Common stock NT$20,000,000	–	N/A

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

Note 1: These companies are wholly foreign owned enterprises.

Note 2: The Company becomes wholly owned subsidiary of the Group in the current reporting period (As at 30th September, 2014: 75% owned).

Note 3: The Company was struck off subsequent to the end of current reporting period.

Note 4: The Company was struck off in the current reporting period.

35. RELATED PARTY TRANSACTION

(a) Travelling Expenses

	2015 HK$'000	2014 HK$'000
Travelling expenses paid to:		
– Hip Holiday Limited	**247**	453

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

(b) Compensation of Key Management Personnel

	2015 HK$'000	2014 HK$'000
Basic salaries	**8,588**	8,249
Bonuses	**3,104**	1,969
Retirement benefit costs	**84**	80
	11,776	10,298

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.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	AS AT 30TH SEPTEMBER, 2015 HK$'000	2014 HK$'000
Non-current asset			
Investment in a subsidiary		**3,000**	3,000
Current assets			
Prepayments		**113**	176
Other deposits and receivables		**–**	10
Amounts due from subsidiaries	a	**159,465**	165,096
Bank balances		**465**	404
		160,043	165,686
Current liabilities			
Accruals and other payables		**1,064**	1,064
Net current assets		**158,979**	164,622
Total assets less current liabilities		**161,979**	167,622
Capital and reserves			
Share capital		**76,395**	76,395
Reserves	b	**85,584**	91,227
		161,979	167,622

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

Notes:

(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	Retained profits HK$'000	Total HK$'000
At 1st October, 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
Profit and total comprehensive income for the year	**–**	**–**	**63,112**	**63,112**
2014 final dividend paid	**–**	**–**	**(38,197)**	**(38,197)**
2015 interim dividend paid	**–**	**–**	**(30,558)**	**(30,558)**
At 30th September, 2015	**38,879**	**450**	**46,255**	**85,584**

37. EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

Five-Year Financial Summary

	Year ended 30th September,				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**691,681**	679,049	628,971	824,432	985,339
Profit before taxation	**68,532**	65,230	38,485	64,023	115,683
Taxation	**(16,043)**	(19,666)	(7,605)	(1,209)	(34,509)
Profit for the year	**52,489**	45,564	30,880	62,814	81,174
Profit for the year attributable to:					
Owners of the Company	**50,563**	47,930	34,259	67,981	84,648
Non-controlling interests	**1,926**	(2,366)	(3,379)	(5,167)	(3,474)
	52,489	45,564	30,880	62,814	81,174
STATEMENT OF FINANCIAL POSITION					
Total assets	**750,821**	734,059	683,695	773,496	861,583
Total liabilities	**(466,028)**	(431,315)	(407,235)	(481,074)	(540,566)
	284,793	302,744	276,460	292,422	321,017
Equity attributable to					
Owners of the Company	**277,583**	296,761	268,156	280,831	304,681
Non-controlling interests	**7,210**	5,983	8,304	11,591	16,336
	284,793	302,744	276,460	292,422	321,017

Corporate Information

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

INVESTMENT ADVISORY COMMITTEE

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

NOMINATION COMMITTEE

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

DISCLOSURE COMMITTEE

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

COMPANY SECRETARY

Lee Pui Shan

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Deacons
Reed Smith Richards Butler

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
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