



Water **Oasis** Group Limited

奧思集團有限公司

Stock Code 股份代號：1161

凝聚力量 創造佳績

Enriching the Momentum

INTERIM REPORT 中期報告

2018

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The board of directors (the “Board”) of Water Oasis Group Limited (the “Company”) herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 31st March, 2018.

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

Results and Dividend

For the six months ended 31st March, 2018, the Group’s turnover rose by 12.2% by comparison with the same period last year, to approximately HK\$366.5 million (six months ended 31st March, 2017: HK\$326.5 million). This rise was driven by continued strong performances from the Group’s stable of beauty services under its Oasis and Glycel brands, leading to a further positive adjustment in the sales mix of services and retail for the period. The Group’s gross profit margin also improved slightly, rising to 91.9% as against 91.6% for the same period last year, again reflecting the increasing contribution of its services sector. These factors, together with careful management of the Group’s costs over the period, resulted in profit for the period rising by 73.2% compared with the same period last year, to HK\$60.4 million (six months ended 31st March, 2017: HK\$34.9 million). The Group maintained a strong cash position, having approximately HK\$452.7 million in cash in hand as at 31st March, 2018. The Board has resolved to declare an interim dividend of 3.0 HK cents per share for the six months ended 31st March, 2018 (six months ended 31st March, 2017: 4.0 HK cents per share).

Management Discussion and Analysis

The positive momentum built up by the Group last year continued into 2017/18, and it posted a strong performance in the six-month period from 1st October, 2017 to 31st March, 2018. Despite a relatively lacklustre Hong Kong market, the Group’s continual investment in new treatments, products and technology proved very attractive to Hong Kong consumers, helping it to register a satisfying increase in turnover and associated profitability. At the same time, the Group’s ongoing exploration of new modes of market engagement and new market segments has seen its products and services expanding beyond its traditional customer base to reach an ever-wider range of consumer groups including, increasingly, a younger generation of women from their mid twenties upwards.

The focus on the service side of the Group’s business has intensified over recent years, and in the period under review the Group’s ratio of service to retail business once again adjusted favourably towards the higher margin sector. The current service to retail ratio stands at 77.7% to 22.3%, up half a percentage point year-on-year. This has also been reflected in the Group’s gross profit margin, which rose to 91.9% (from 91.6% in March 2017).

In terms of key areas of expenditure during the period, various changes have occurred year-on-year that reflect new strategic initiatives and developments. Advertising expenditure, for example, rose compared with last year in terms of amount spent by 27.5%. This rise in advertising spending was a strategic move designed to maximise exposure for various major new products and services launched in the period and in the following months, including the new Glycel series 'The Line' launched in October 2017; the 'GLYCEL Swiss Essentials Essence Lotion' and its treatment 'GLYCEL Deluxe Swiss Essentials Signature Treatment' launched in April 2018, as well as Oasis Medical Centre's 'PicoGenius' laser equipment treatment, also launched in March 2018. More generally, in a very competitive Hong Kong market where high-profile brand positioning is essential for success, the Group used targeted advertising in both traditional and digital modes to further increase the sales momentum of its entire stable of brands.

Staff costs also rose in dollar terms against the previous year, by 6.2%, although in fact in terms of percentage to revenue staff costs fell, from 44.1% to 41.7%. These figures reflect a number of key points. To begin with, the closure of certain non-profitable outlets over the past year has reduced the number of staff employed by the Group. On the other hand, since many of the Group's front line staff are incentivised by commissions and bonuses based on sales, the increase in sales over the period has resulted in higher staff costs. Further, the Group believes that the quality of service it offers is one of the factors that differentiate it from many of its competitors. This being so, its goal is not to reduce staff numbers to a bare minimum, but to ensure its customers are always served and attended to in a personalised and unrushed manner. During the period, new staff has therefore been recruited to enhance the experience of customers in our outlets, while more doctors have been added to the professional line-up at its Oasis Medical Centres.

Rental costs and depreciation, meanwhile, both fell year-on-year, by 2.7% and 14.1% respectively. Although rental costs remain very high in Hong Kong, the last few months have seen a slight easing. The Group's rental costs have therefore fallen slightly, partly due to the closure of some unprofitable outlets over the year and partly due to careful rent negotiations for renewals.

The Group is delighted to have been recognised by the Employees Retraining Board (ERB) under its "ERB Manpower Developer Award Scheme" in the period. The award recognises Water Oasis as an organisation that has demonstrated "outstanding achievements in manpower training and development." It reflects a corporate culture within the Group that advocates the importance of manpower training and development, and its practical outworking can be seen in the Group's highly skilled and highly motivated workforce across all its brands.

Beauty Services Business

The Group's beauty services benefit from strong synergies as a result of being grouped under the umbrella 'Oasis' brand. They currently include Oasis Beauty, Oasis Spa, Oasis Homme and Oasis Medical Centre, together with a number of smaller specialist Oasis brands that include Oasis Nail, Oasis Florist and Oasis Health. Branded separately is the 'Skinspa' beauty service under the Glycel brand.

These beauty services all performed well in the period under review, enjoying single- or double-digit growth year-on-year and contributing to the rise in the ratio of services to retail business mentioned above. Oasis Spa, the Group's high-end beauty treatment brand, performed especially well, but Oasis Beauty also turned in a strong performance in Hong Kong, and solid performances in the PRC. Meanwhile, Oasis Medical Centre and the Glycel Skinspa delivered good performances and further enhanced their client bases.

Considerable amounts were spent in the period on renovating and refurbishing the Group's existing Oasis Beauty and Oasis Spa centres to enhance the all-round quality of customer experience, and on purchasing new advanced beauty treatment technology and equipment, particularly for Oasis Medical Centre. This resulted in an increase in the Group's capital expenditures for the period compared with last year. Meanwhile, the Group has continued to leverage new technology and strong data analytics capabilities to enhance its marketing, communications and customer engagement activities.

As at 31st March, 2018, the Group was operating 15 Oasis Beauty centres, 3 Oasis Spa centres, 6 Oasis Medical Centres and 2 Oasis Homme centres. In the PRC, 3 self-managed Oasis Beauty centres continued to operate and an Oasis Beauty Store in Macau. These numbers remain unchanged from March 2017.

Retail Business

The Group's retail business involving the sale of skincare and beauty products continued to be primarily made up of three self-owned brands – Glycel, Eurobeauté and DermaSynergy – and two licensed brands, Erno Laszlo and H2O+. For the period under review, H2O+ experienced a fall in sales partly due to the closure of unprofitable outlet in the previous period, while most of the retail brands operated by the Group experienced positive growth. Standout performers were the Group's owned Eurobeauté and DermaSynergy brands which experienced double digit sales growth, while Erno Laszlo brand also has a single digit growth in sales.

In October 2017, the Group focused substantial resources into the launch of a new group of Glycel products known as 'The Line'. A comprehensive and complementary collection of high-quality skincare products, 'The Line' has met with a very positive and encouraging consumer response which is further consolidating Glycel's reputation in Hong Kong.

As at 31st March, 2018, the Group was operating 5 H2O+ outlets, 5 Erno Laszlo stores, and 13 Glycel stores in Hong Kong. In Macau, it continued to operate a Glycel outlet. These numbers are the same as a year ago, although one Glycel outlet in Yuen Long's Kolour was relocated to Yoho Mall in October 2017.

Outlook

Following up from its release of Glycel's 'The Line' series late last year, in April the Group launched the first in an innovative series of marketing materials for a new Glycel product, 'GLYCEL Swiss Essentials Essence Lotion' and its treatment 'GLYCEL Deluxe Swiss Essentials Signature Treatment', featuring the new 'face' of Glycel, actress and model Christine Kuo. Using a series of creative and innovative short commercially made short videos placed on popular online platforms, the Group is gaining maximum exposure for these major new products and treatments among a wide range of potential customers of all ages.

The Glycel advertising initiatives of recent months are also supporting the opening of new Glycel outlets. In April, a retail counter for Glycel products was opened in YATA located in Tai Po, and another Glycel Skinspa is scheduled to open shortly in Kwun Tong, bringing outlet numbers to 15 in Hong Kong. More generally, the Group will look for opportunities to open new stores for all its major brands in optimal locations and increase same-store sales across the board.

Apart from Glycel, the Group will also continue to spend more advertising efforts on Oasis brands focusing on Oasis Medical Centre and Oasis Beauty for their newly launched beauty equipment and treatment, including the 'PicoGenius' treatment mentioned above that has been launched in March 2018.

The Group is continuing to develop and enhance its e-commerce capabilities and sell a range of products online, in volumes that have grown strongly in recent times. Although this currently accounts for only a small proportion of its overall sales, the Group is aware of the growing importance of e-commerce and will continue to enhance its existing e-commerce channels.

The positive results of the past six months in a very average market suggest that the Group is moving ahead along the right lines. It has a range of effective, well-run beauty services that not only deliver excellent results using the latest technology and equipment, but also give customers a sense of being well looked-after and cared for. It is enhancing the digital and online services that it offers to support its beauty services sector, and expanding its customer base. On the retail side, it has proved very adept at identifying skincare and beauty products that suit a wide range of Hong Kong consumers, and is constantly refreshing their lines and images. All the while, it has been active in looking to control costs, effectively manage Hong Kong's rent challenges, and stay on the alert for new business opportunities as and when they arise.

With these proven strategies in place, the Group continues to focus on what it can do well, and stick to the commitment to quality, comfort and service which has served it so well to date. It has confidence that the months ahead hold new potential for further growth.

Liquidity and Financial Resources

As at 31st March, 2018, the Group had net current assets of approximately HK\$11.4 million (as at 30th September, 2017 net current liabilities: HK\$12.9 million).

The Group generally finances its operations with internally generated resources. As at 31st March, 2018, the Group had cash reserves of approximately HK\$452.7 million (as at 30th September, 2017: HK\$402.4 million).

As at 31st March, 2018, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK\$345.1 million (as at 30th September, 2017: HK\$312.4 million) was approximately 5.3% (as at 30th September, 2017: 6.2%). Details of the maturity profile of the secured mortgage loan as set out in note 12 are disclosed in the condensed consolidated financial statements. All borrowings are denominated in Hong Kong dollars. The bank balances and cash are mainly denominated in Hong Kong dollars, United States dollars and Renminbi.

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

Contingent Liabilities

The Group had no significant contingent liability as at 31st March, 2018.

Capital Commitments

The Group had no significant capital commitments as at 31st March, 2018.

Human Resources

As at 31st March, 2018, the Group employed 751 staff (as at 30th September, 2017: 752 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options will also be granted to eligible staff based on individual 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.

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

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Water Oasis Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 08 to 23, which comprise the condensed consolidated statement of financial position as of 31st March, 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 25th May, 2018

Condensed Consolidated Statement of Profit or Loss

		Unaudited Six months ended 31st March,	
		2018 HK\$'000	2017 HK\$'000
	Notes		
Turnover	4	366,462	326,536
Purchases and changes in inventories of finished goods		(29,589)	(27,554)
Other income		4,692	4,103
Other gains or losses		1,830	(320)
Staff costs		(152,991)	(144,045)
Depreciation of property and equipment		(7,351)	(8,557)
Finance costs		(201)	(234)
Other expenses		(109,418)	(107,065)
Profit before taxation		73,434	42,864
Taxation	5	(13,074)	(8,011)
Profit for the period	6	60,360	34,853
Profit (loss) for the period attributable to:			
Owners of the Company		60,529	34,853
Non-controlling interests		(169)	-
		60,360	34,853
Earnings per share			
Basic and diluted	7	7.9 HK cents	4.6 HK cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Profit for the period	60,360	34,853
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	1,445	–
Total comprehensive income for the period	61,805	34,853
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	61,995	34,853
Non-controlling interests	(190)	–
	61,805	34,853

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited As at 31st March, 2018 HK\$'000	Audited As at 30th September, 2017 HK\$'000
Non-current assets			
Intangible assets		59,210	59,184
Goodwill		3,012	3,012
Investment properties	9	232,336	230,738
Property and equipment	9	36,532	30,216
Rental deposits		26,878	27,335
Deferred tax assets		3,428	3,531
		361,396	354,016
Current assets			
Inventories		32,067	30,060
Trade receivables	10	42,489	28,087
Prepayments		80,349	71,139
Other deposits and receivables		11,493	11,560
Bank balances and cash		452,676	402,430
		619,074	543,276
Current liabilities			
Trade payables	11	4,811	7,109
Accruals and other payables		71,078	75,003
Receipts in advance		511,330	455,896
Secured mortgage loan – due within one year	12	3,418	3,125
Tax payable		17,067	15,046
		607,704	556,179
Net current assets (liabilities)		11,370	(12,903)
Total assets less current liabilities		372,766	341,113
Capital and reserves			
Share capital	13	76,545	76,395
Reserves		261,558	228,852
Equity attributable to owners of the Company		338,103	305,247
Non-controlling interests		6,950	7,140
Total equity		345,053	312,387
Non-current liabilities			
Secured mortgage loan – due after one year	12	14,788	16,375
Deferred tax liabilities		12,925	12,351
		27,713	28,726
		372,766	341,113

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Statutory fund reserve HK\$'000	Share options reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st October, 2016 (audited)	76,395	38,879	22,792	(1,766)	450	1,797	94	(589)	140,905	278,957	7,153	286,110
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	34,853	34,853	-	34,853
2016 final dividend paid	-	-	-	-	-	-	-	-	(15,279)	(15,279)	-	(15,279)
Reversal of equity-settled share-based payment expenses upon lapse of share options	-	-	-	-	-	-	(94)	-	-	(94)	-	(94)
At 31st March, 2017 (unaudited)	76,395	38,879	22,792	(1,766)	450	1,797	-	(589)	160,479	298,437	7,153	305,590

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Statutory fund reserve HK\$'000	Share options reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st October, 2017 (audited)	76,395	38,879	23,255	(1,766)	450	1,797	2,427	(589)	164,399	305,247	7,140	312,387
Profit (loss) for the period	-	-	-	-	-	-	-	-	60,529	60,529	(169)	60,360
Exchange differences arising on translation of foreign operations	-	-	1,466	-	-	-	-	-	-	1,466	(21)	1,445
Total comprehensive income (expense) for the period	-	-	1,466	-	-	-	-	-	60,529	61,995	(190)	61,805
2017 final dividend paid	-	-	-	-	-	-	-	-	(30,618)	(30,618)	-	(30,618)
Issue of shares upon exercise of share options	150	1,572	-	-	-	-	(243)	-	-	1,479	-	1,479
At 31st March, 2018 (unaudited)	76,545	40,451	24,721	(1,766)	450	1,797	2,184	(589)	194,310	338,103	6,950	345,053

Condensed Consolidated Statement of Cash Flows

Unaudited
Six months ended
31st March,

	2018 HK\$'000	2017 HK\$'000
Net cash from operating activities	90,727	89,068
Net cash used in investing activities:		
Purchase of property and equipment	(14,321)	(8,389)
Other investing cash flows	2,238	1,055
	(12,083)	(7,334)
Net cash used in financing activities:		
Dividends paid	(30,618)	(15,279)
Other financing cash flows	14	(1,757)
	(30,604)	(17,036)
Net increase in cash and cash equivalents	48,040	64,698
Cash and cash equivalents at beginning of the period	402,430	300,544
Effect of foreign exchange rate changes	2,206	–
Cash and cash equivalents at end of the period, represented by bank balances and cash	452,676	365,242

Notes to the Condensed Consolidated Financial Statements

1. General Information

Water Oasis Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 27th September, 2001 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of this interim 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 the People’s Republic of China (the “PRC”) and the operation of beauty salons, spas and medical beauty centres in Hong Kong and the PRC during the period.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) which is the functional currency of the Company. The condensed consolidated financial statements were approved for issue by the Board of Directors (the “Board”) on 25th May, 2018.

2. Basis of Preparation

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

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30th September, 2017.

3. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st March, 2018 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30th September, 2017.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. Turnover and Segment Information

Information reported to the Company's executive directors, being the chief operating decision makers, in respect of the Group's business 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 salons, spas, medical beauty centres and other businesses

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

	Retail segment		Services segment		Elimination		Consolidation	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31st March,		31st March,		31st March,		31st March,	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	81,871	74,556	284,591	251,980	-	-	366,462	326,536
Inter-segment sales	13,136	11,536	-	-	(13,136)	(11,536)	-	-
Total	95,007	86,092	284,591	251,980	(13,136)	(11,536)	366,462	326,536
Segment results	23,086	18,376	86,186	59,547	-	-	109,272	77,923
Other income							4,692	4,103
Other gains or losses							1,830	(320)
Finance costs							(201)	(234)
Central administrative costs							(42,159)	(38,608)
Profit before taxation							73,434	42,864

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

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

5. Taxation

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Current tax		
Current period	12,470	8,024
Deferred taxation	604	(13)
	13,074	8,011

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward from prior years.

The PRC Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2017: 25%) on the assessable profits.

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

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

6. Profit for the Period

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Profit for the period is stated at after charging:		
Amortisation of intangible assets	55	51
Write-off of property and equipment	581	784
and after crediting:		
Net exchange gain	296	30
Gain on disposal of property and equipment	517	–
Interest income on bank deposits	1,785	1,070
Interest income on overdue rental income	303	164
Rental income from investment properties	2,337	2,648
Gain on fair value change of investment properties	1,598	434

7. Earnings Per Share

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

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	60,529	34,853

	Number of shares	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	765,436,280	763,952,764
Effect of dilutive potential ordinary shares – share options of the Company	856	691,996
Weighted average number of ordinary shares for the purpose of diluted earnings per share	765,437,136	764,644,760

8. Dividends

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Interim dividend declared after the end of the reporting period of 3.0 HK cents (2017: 4.0 HK cents) per share	20,324	30,558

During the six months ended 31st March, 2018, a final dividend of 4.0 HK cents (2017: 2.0 HK cents) per share totalled approximately HK\$30,618,000 was declared and paid to shareholders of the Company in respect of the year ended 30th September, 2017 (2017: HK\$15,279,000 was declared and paid to shareholders of the Company in respect of the year ended 30th September, 2016).

At the Board meeting held on 25th May, 2018, the directors declared an interim dividend of 3.0 HK cents (2017: 4.0 HK cents) per share payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 26th June, 2018. This interim dividend is not reflected as dividend payable in the condensed consolidated financial statements as it was declared after the end of the reporting period.

9. **Capital Expenditures**

During the six months ended 31st March, 2018, the Group incurred capital expenditure of approximately HK\$14,321,000 for property and equipment (six months ended 31st March, 2017: HK\$8,389,000).

The Group's investment properties were revalued based on a valuation as of 31st March, 2018 carried out by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer not connected with the Group. The resulting increase in fair value of investment properties of HK\$1,598,000 (six months ended 31st March, 2017: HK\$434,000) has been recognised directly in profit or loss.

10. **Trade Receivables**

The Group generally allows its trade debtors' credit terms of 30 days to 120 days. The following is an aging analysis of trade receivables, presented based on the payment due dates, net of allowance for bad and doubtful debts, at the end of the reporting period:

	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
0 to 30 days	42,430	28,026
61 to 90 days	-	2
Over 120 days	59	59
	42,489	28,087

Movement in the allowance for trade receivables:

	For the six months ended 31st March, 2018 HK\$'000	For the year ended 30th September, 2017 HK\$'000
Balance at beginning and end of the period/year	589	589

11. Trade Payables

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

	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
0 to 30 days	4,811	7,109

12. Secured Mortgage Loan

	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
Analysed for reporting purpose as:		
Current liabilities	3,418	3,125
Non-current liabilities	14,788	16,375
	18,206	19,500

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

	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
Within 1 year	3,418	3,125
1 year to less than 2 years	3,226	3,191
2 years to less than 3 years	3,297	3,261
3 years to less than 4 years	3,368	3,332
4 years to less than 5 years	3,442	3,405
5 years or more	1,455	3,186
	18,206	19,500
Less: Amount due within one year shown under current liabilities	(3,418)	(3,125)
Amount shown under non-current liabilities	14,788	16,375

The mortgage loan, which is denominated in Hong Kong dollars, is secured by the Group's investment properties with a carrying value of HK\$232,336,000 as at 31st March, 2018 (as at 30th September, 2017: HK\$230,738,000). It bears interest at 2.85% (as at 30th September, 2017: 2.85%) below the bank's Hong Kong Dollar Best Lending Rate per annum. The effective interest rate is approximately 2.15% (as at 30th September, 2017: 2.15%) per annum.

13. Share Capital

	<i>Number of shares</i>	<i>Amount HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1st October, 2016, 31st March, 2017, 1st October, 2017 and 31st March, 2018	2,000,000,000	200,000
Issued and fully paid:		
At 1st October, 2016, 31st March, 2017 and 1st October, 2017	763,952,764	76,395
Exercise of share options	1,500,000	150
At 31st March, 2018	765,452,764	76,545

14. 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 share 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 share options granted under any other scheme) initially not more than 10% of the shares in issue as at 24th February, 2012 which is 76,395,276 shares, 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 as stated in the Stock Exchange's daily quotation sheets on the date of the grant of options; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant of share 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 share options and in respect of which share 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 share 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.

Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of share options shall be subject to prior approval by resolution of the shareholders of the Company (voting by way of poll).

An offer shall remain open for acceptance by the participant concerned for 14 days from the date of grant. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of share option.

As at 31st March, 2018, a total of 13,500,000 shares (representing approximately 1.76% of the existing issued share capital of the Company) may be issued upon exercise of all share options which were granted under the Share Option Scheme and 1,500,000 share options were exercised during the reporting period. As at the date of this report, there were a total of 56,395,276 share available for issue under the Share Option Scheme, which representing approximately 7.37% of the existing issued share capital of the Company.

(I) Movement of Share Options

Eligible participants	Number of Share Options						Date of grant	Vesting period	Exercise period	Exercise price	Closing Price of Shares		
	As at 1st October, 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31st March, 2018					Before date of grant	Before exercise (weighted average)	At the date of exercise (weighted average)
Employees	15,000,000	-	(1,500,000)	-	-	13,500,000	10th August, 2017	10th August, 2017 to 31st August, 2017	1st September, 2017 to 31st August, 2019	HK\$0.986	HK\$0.96	HK\$1.14	HK\$1.04
Total	15,000,000	-	(1,500,000)	-	-	13,500,000							

(II) Number and Weighted Average Exercise Prices of Share Options

	As at 31st March, 2018		As at 31st March, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the period	15,000,000	HK\$0.986	5,000,000	HK\$0.495
Granted during the period	-	-	-	-
Exercised during the period	(1,500,000)	HK\$0.986	-	-
Cancelled during the period	-	-	-	-
Lapsed during the period	-	-	(5,000,000)	HK\$0.495
Outstanding at the end of the period	13,500,000	HK\$0.986	-	-
Exercisable at the end of the period	13,500,000	HK\$0.986	-	-

15. Commitments and Operating Lease Arrangements

(a) Capital commitments

	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the condensed consolidated financial statements	1,201	3,330

(b) Commitments and arrangements under operating leases

As at 31st March, 2018 and 30th September, 2017, the Group had total future aggregate minimum lease receipts and payments under non-cancellable operating leases in respect of investment properties and rented premises as follows:

As lessors Rental receipts	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
Not later than 1 year	2,852	5,009
More than 1 year but not later than 5 years	380	1,868
	3,232	6,877

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

As lessees Rental payments	As at 31st March, 2018 HK\$'000	As at 30th September, 2017 HK\$'000
Not later than 1 year	92,487	93,793
More than 1 year but not later than 5 years	47,210	59,566
	139,697	153,359

Operating leases 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.

16. Related Party Transactions

(a) Travelling Expenses

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Travelling expenses paid to:		
– Hip Holiday Limited	–	107

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

	Six months ended 31st March,	
	2018 HK\$'000	2017 HK\$'000
Basic salaries	4,050	4,645
Bonuses	6,026	2,320
Retirement benefit costs	21	37
Reversal of equity-settled share-based payment expenses	–	(94)
	10,097	6,908

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

17. Fair Value measurements of financial instruments

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 condensed consolidated financial statements approximate to their fair values.

18. Event after the Reporting Period

After the reporting period, the Company announced that a conditional cash offer was made by Yu Ming Investment Management Limited on behalf of the Company in compliance with the Codes on Takeovers and Mergers and Share Buy-backs, subject to the conditions, to buy back for cancellation up to the maximum number of shares, being 88,000,000 shares of the Company (representing approximately 11.50% of the total issued share capital of the Company as at the date of this report) at the offer price of HK\$0.80 per share (the "Offer"). The details of the Offer were disclosed in the announcement dated 13th April, 2018 and the offer document dated 4th May, 2018. On 25th May, 2018, the shareholders approved the Offer in the extraordinary general meeting ("EGM"). The results of the EGM and the Offer were disclosed in the announcement dated 25th May, 2018. As all the conditions of the Offer had been fulfilled, the Offer has become unconditional on 25th May, 2018 and will remain open for acceptance until 4:00 p.m. (Hong Kong time) on Friday, 8th June, 2018. The results of the Offer will be made by the Company in due course.

Interim Dividend and Closure of Register of Members

The Board has declared an interim dividend of 3.0 HK cents per share for the six months ended 31st March, 2018 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 26th June, 2018. The Register of Members will be closed from Monday, 25th June, 2018 to Tuesday, 26th June, 2018, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22nd June, 2018. The relevant dividend warrants will be dispatched to shareholders on Wednesday, 11th July, 2018.

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 is chaired by Prof. Wong Lung Tak, Patrick.

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated results of the Group for the six months ended 31st March, 2018 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the condensed consolidated financial statements. It has also reviewed this report.

Remuneration Committee

The Company established a Remuneration Committee on 26th June, 2006. The Remuneration Committee comprises all independent non-executive directors of the Company 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.

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.

Nomination Committee

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

It is responsible for making recommendations to the Board on nominations, appointment or re-appointment of directors and Board succession. The principal duties of the Nomination Committee include reviewing the structure, size, 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 assessing the independence of independent non-executive directors.

Disclosure Committee

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

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31st March, 2018, the interests and 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name of directors and chief executive	Name of companies in which interests are held	Capacity in which interests are held	Number and class of shares			Total	Approximate percentage of issued share capital
			Personal interests	Family interests	Corporate interests		
Yu Kam Shui, Erastus	The Company	Beneficial owner	8,000,000 ordinary	–	–	8,000,000 ordinary	1.05%
Tam Chie Sang	The Company	Interest of spouse	–	164,897,760 ordinary ⁽²⁾	–	164,897,760 ordinary	21.54%
	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	9,564,000 ordinary ⁽²⁾	–	155,333,760 ordinary ⁽²⁾	164,897,760 ordinary	21.54%
	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	1.05%
Wong Chun Nam, Duffy	The Company	Beneficial owner	600,000 ordinary	–	–	600,000 ordinary	0.08%
Tam Siu Kei ⁽⁵⁾	The Company	Beneficial owner and interest of spouse	2,928,000 ordinary	2,294,000 ordinary ⁽⁶⁾	–	5,222,000 ordinary	0.68%

Notes:

- (1) These shares are registered in the name of Ms. Yu Lai Chu, Eileen, the wife of Mr. Tam Chie Sang.
- (2) 9,564,000 shares are registered in the name of Ms. Yu Lai Chu, Eileen, the wife of Mr. Tam Chie Sang and 155,333,760 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 75% owned by Ms. Yu Lai Chu, Eileen, 5% owned by her husband, Mr. Tam Chie Sang and 20% owned by their son, Mr. Tam Yue Hung.
- (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) Mr. Tam Siu Kei was appointed as the chief executive officer of the Company with effect from 15th March, 2017.
- (6) These shares are registered in the name of Ms. Leung Pui Yi, the wife of Mr. Tam Siu Kei.

As at 31st March, 2018, save as disclosed above, 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 and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

Particulars of the share option scheme are set out in note 14 to the condensed consolidated financial statements.

On 24th February, 2012, the Company adopted a new share option scheme, which replaced the old share option scheme that was expired on 22nd January, 2012.

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

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31st March, 2018, 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 and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or, who/which was, directly or indirectly, with 5% interest or more of the issued share capital of the Company:

Long position in the shares

Name of shareholders	Capacity	Number of issued ordinary shares	Approximate percentage of issued share capital
Yu Lai Si ⁽¹⁾	Beneficial owner	166,113,760	21.70%
Zinna Group Limited ⁽²⁾	Registered owner	155,333,760	20.29%
Advance Favour Holdings Limited ⁽³⁾	Registered owner	77,666,880	10.15%
Billion Well Holdings Limited ⁽⁴⁾	Registered owner	77,666,880	10.15%
Lai Yin Ling ^{(3)&(4)}	Interest of controlled corporations	155,333,760	20.29%
CM Asset Management (Hongkong) Company Limited ⁽⁵⁾	Investment manager	92,512,000	12.09%
Shareholder Value Fund ⁽⁵⁾	Registered owner	92,512,000	12.09%

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 75% owned by Ms. Yu Lai Chu, Eileen, 5% owned by her husband, Mr. Tam Chie Sang and 20% owned by their son, Mr. Tam Yue Hung.
- (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.
- (5) CM Asset Management (Hongkong) Company Limited is the investment manager of Shareholder Value Fund.

Save as disclosed above and so far as the directors and the chief executive of the Company were aware of, as at 31st March, 2018, no other person or corporation (other than a director and the chief executive of the Company) had any interests and short positions in the shares and underlying shares of the Company which would, pursuant to section 336 of the SFO, were required to be entered in the register referred to therein.

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

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

Corporate Governance

In the opinion of the directors, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules during the period under review.

Compliance with the Model Code for Securities Transactions

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

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

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

Hong Kong, 25th May, 2018

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, B.B.S., J.P.
Wong Chi Keung

Audit Committee

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

Remuneration Committee

Wong Chun Nam, Duffy, B.B.S., 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, B.B.S., 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, B.B.S., J.P.

Disclosure Committee

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

Company Secretary

Lee Pui Shan

Independent 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

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
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P.O. Box 1586
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KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Registered Office

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