Water OASIS Group
奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1161)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

FINANCIAL HIGHLIGHTS

- For the year under review, Group's turnover increased by 1.9% to approximately HK$691.7 million as compared with that of last year, reflecting an increase in sales in our beauty services brands like Glycel and Oasis Medical Centre, but being offset by the challenges faced in the Hong Kong retail sector; longer consumption pattern in Oasis Beauty and Oasis Spa; as well as the decrease in sales contribution due to the closure of our retail business in PRC, Taiwan and Singapore.

- Gross profit margin increased to approximately 90.9% from 89.5% due to greater contribution made by the Group's higher margin beauty services business.

- In the year under review, the Group had kept advertising and rental costs under control through careful media budget optimisation and closing of non-optimal outlets, reflecting a decrease in 11.1% and 4.7% respectively when compared with that of last year. Staff costs rose reasonably by 6.8% due to competitive compensation offered to retain high-performing employees.

- Profit for the year increased by 15.2% to approximately HK$52.5 million was mainly attributable to the increased contribution in the Group's beauty business operations like Glycel and Oasis Medical Centre as well as lower losses as a result of the closure of our PRC, Taiwan and Singapore's operation in this financial year.

- The Group further increased its weighting in beauty services segment with its sales mix stood at approximately 73.7% in beauty services and 26.3% in retail sales.

- Recommended the payment of a final dividend of 2.5 HK cents per share.

OPERATION HIGHLIGHTS

- Glycel and Oasis Medical Centre were the Group's major growth drivers for the year under review including both the top and the bottom line. The opening of the Group's flagship stores in the Entertainment Building in Central in October 2014 has further boosted the momentum of these businesses. In 2015, the Group took full advantage of the 30th anniversary Glycel brand to promote the brand extensively and raise its public profile further.

- The total cash receipts for the Group's Oasis Beauty and Oasis Spa businesses in Hong Kong increased by 9.6%, while turnover for the year saw decreases of 2.6% and 12.3% respectively due to longer consumption pattern appearing in the Group's beauty treatment plans.

- The Group's h_2o+ distributorship agreement for the territories of Hong Kong and Macau has been successfully renewed for 5 years up to 31st December, 2020. Both the Group's retail brands Erno Laszlo and h_2o+ encountered a decrease in turnover partly due to the severe downturn in Hong Kong retail market as well as the closing down of the non-performing stores. The store consolidations of h_2o+ non-performing outlets would expect to lead to improved performances for the brand over the year ahead.

- The sales contribution of our Group's self-owned brands Eurobeauté, DermaSynergy and Oasis Health were also growing at a fast pace supplementing our retail sales performance.

- The Group presented its first Environmental, Social and Governance report involving the implementation of measures to conserve resources, reduce its overall energy consumption, and raise staff awareness of good environmental practice.

AUDITED FINANCIAL RESULTS

The board of directors (the "Board") of Water Oasis Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 30th September, 2015 (the "Consolidated Financial Statements") as follows:

Consolidated Statement of Profit or Loss

		For the year ended 30th September,	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**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		**1,179**	7,073
Staff costs		**(298,288)**	(279,269)
Depreciation of property and equipment		**(23,903)**	(24,331)
Finance costs	4	**(583)**	(646)
Other expenses		**(244,805)**	(253,415)
Profit before taxation		**68,532**	65,230
Taxation	5	**(16,043)**	(19,666)
Profit for the year	6	**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	7	**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

	Notes	As at 30th September, 2015 HK$'000	2014 HK$'000
Non-current assets			
Intangible assets		**59,130**	59,389
Goodwill		**3,012**	3,012
Investment properties		**230,874**	229,478
Property and equipment		**38,074**	38,482
Rental deposits		**33,639**	34,745
Deferred tax assets		**3,798**	5,380
		368,527	370,486
Current assets			
Inventories		**33,096**	34,143
Trade receivables	9	**27,185**	25,662
Prepayments		**53,491**	47,348
Tax recoverable		**–**	287
Other deposits and receivables		**8,492**	12,766
Bank balances and cash		**260,030**	243,367
		382,294	363,573
Current liabilities			
Trade payables	10	**2,167**	8,473
Accruals and other payables		**78,782**	79,836
Receipts in advance		**327,883**	287,407
Secured mortgage loan – due within one year		**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
Capital and reserves			
Share capital		**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		**22,558**	25,551
Deferred tax liabilities		**11,477**	11,061
		34,035	36,612
		318,828	339,356

Notes:

1. **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.

2. **PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below:

The Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)") and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants 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.

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.

3. 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

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	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'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

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.

Geographical information

The Group's operations are located in Hong Kong, Macau and the PRC (2014: Hong Kong, Macau, the PRC, Taiwan and Singapore). PRC includes Mainland China but excludes Hong Kong and Macau.

The Group's turnover by geographical location is detailed below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong and Macau	**673,132**	651,153
The PRC	**18,549**	20,972
Taiwan	**–**	2,911
Singapore	**–**	4,013
	691,681	679,049

4. FINANCE COSTS

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

5. TAXATION

	2015	2014
	HK$'000	*HK$'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	**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.

The 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 the PRC. Deferred taxation has been provided for in respect of the undistributed profits from the Company's PRC subsidiaries.

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.

6. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'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 rent	**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

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:

	2015	2014
	HK$'000	*HK$'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.

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'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).

9. TRADE RECEIVABLES

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

	2015	2014
	HK$'000	*HK$'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

Movement in the allowance for trade receivables:

	2015	2014
	HK$'000	*HK$'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

10. 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	2014
	HK$'000	*HK$'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.

11. EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

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 h_2o+ 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.

h_2o+

The Group has continued to make this, its foundational brand dating back to 1998, a significant part of its overall beauty portfolio. h_2o+ retains a strong and loyal customer base. The turnover for h_2o+ 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 h_2o+ 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.

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%).

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.

FINAL DIVIDEND

The Board has proposed a final dividend of 2.5 HK cents per share for the year ended 30th September, 2015. The proposed final dividend, if approved at the forthcoming annual general meeting (the "AGM"), will be dispatched to the shareholders whose names appear on the register of members of the Company at the close of business on Monday, 7th March, 2016.

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Thursday, 25th February, 2016 to Monday, 29th February, 2016, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, 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 Wednesday, 24th February, 2016.

(ii) For determining the entitlement of the proposed final dividend, the Register of Members will be closed from Friday, 4th March, 2016 to Monday, 7th March, 2016, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final 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 Thursday, 3rd March, 2016. The relevant dividend warrants will be dispatched to shareholders on Monday, 21st March, 2016.

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 the Consolidated Financial Statements.

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.

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 "Listing Rules") throughout the year ended 30th September, 2015.

COMPLIANCE WITH THE MODEL CODE

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.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkexnews.hk and the designated website of the Company at www.wateroasis.com.hk respectively. The annual report of the Company for the year ended 30th September, 2015 will be dispatched to the shareholders and published on the HKEx's and the Company's websites in due course.

By Order of the Board
WATER OASIS GROUP LIMITED
Yu Kam Shui, Erastus
Executive Director

Hong Kong, 23rd December, 2015

As at the date of this announcement, the executive directors of the Company are Mr. Yu Kam Shui, Erastus, Mr. Tam Chie Sang, Ms. Yu Lai Chu, Eileen and Ms. Lai Yin Ping. The independent non-executive directors of the Company are Prof. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P. and Dr. Wong Chi Keung.