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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Offer Document or the offer contained herein, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Water Oasis Group Limited (the “Company”), you should at once hand this document, together with the accompanying form of proxy and Acceptance Form (as defined herein) to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This document should be read in conjunction with the accompanying Acceptance Form, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying forms, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying forms.

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Water OASIS Group

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### WATER OASIS GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1161)

#### **CONDITIONAL CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF WATER OASIS GROUP LIMITED TO BUY BACK UP TO 88,000,000 SHARES AT HK\$0.80 PER SHARE**

**Financial Adviser**



YU MING INVESTMENT MANAGEMENT LIMITED  
禹 銘 投 資 管 理 有 限 公 司

**Independent Financial Adviser to the Independent Board Committee  
and the Shareholders**

### ALTUS CAPITAL LIMITED

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A letter from the Board is set out on pages 5 to 12 of this Offer Document. A letter from Yu Ming Investment Management Limited containing, among other things, details of the terms of the Offer is set out on pages 13 to 21 of this Offer Document. A letter from the Independent Board Committee to the Shareholders is set out on pages 22 to 23 of this Offer Document. A letter from the Independent Financial Adviser containing its opinion and advice to the Independent Board Committee and the Shareholders is set out on pages 24 to 38 of this Offer Document.

A notice convening the EGM to be held at Marina Room 1, 2/F, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 25 May 2018 at 10:30 a.m. is set out on pages EGM-1 to EGM-2 of this Offer Document. Whether or not you are able to attend the said meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

4 May 2018

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced by the Company.*

**2018**

Despatch of the Offer Document, notice of EGM and Acceptance Form. . . . .	Friday, 4 May
Commencement date of the Offer ( <i>Note 1</i> ) . . . . .	Friday, 4 May
Latest time for lodging transfers of Shares to qualify for attendance at the EGM. . . . .	4:30 p.m. on Friday, 18 May
Latest time for lodging proxy for the EGM. . . . .	10:30 a.m. on Wednesday, 23 May
Register of Member closes (both dates inclusive) . . . . .	Monday, 21 May to Friday, 25 May
EGM. . . . .	10:30 a.m. on Friday, 25 May
First Closing Date ( <i>Note 2</i> ) . . . . .	Friday, 25 May
Latest time and date for submitting Acceptance Forms ( <i>Note 2</i> ) . . . . .	4:00 p.m. on Friday, 25 May
Announcement of results of the EGM and the results of the Offer on the First Closing Date . . . . .	not later than 7:00 p.m. on Friday, 25 May
Latest date by which the Offer can be declared unconditional to acceptance ( <i>Note 3</i> ). . . . .	Tuesday, 3 July

*Notes:*

1. The Offer is conditional on the condition set out in the paragraph headed “Conditions to the Offer” in this Offer Document. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in Rule 17 and Rule 19.2 of the Takeovers Code.
2. The Offer must remain open for acceptance for at least 21 days following the date on which this Offer Document is posted. The latest time for acceptance will be at 4:00 p.m. on the First Closing Date unless the Company revises or extends the Offer in accordance with the Codes. An announcement will be issued by the Company through the website of the Stock Exchange no later than 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Company decides that the Offer will remain open, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days’ notice in writing will be given, before the Offer is closed, to those Shareholders who have not accepted the Offer.
3. Pursuant to the Takeovers Code, unless with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the date of the posting of the initial Offer Document.
4. Remittance for the total amounts due to Accepting Shareholders under the Offer (subject to deduction of seller’s ad valorem stamp duty payable on the Shares bought back from such Accepting Shareholders) will be made by the Company within 7 Business Days after the close of the Offer.
5. All references to date and time contained in this Offer Document refer to Hong Kong time and dates.

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## EXPECTED TIMETABLE

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### **Effect of bad weather on the latest time for acceptance of the Offer**

If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the First Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the First Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

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## DEFINITIONS

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*In this Offer Document, the following expressions have the following meanings unless the context otherwise requires:*

“Acceptance Form(s)”	form(s) to be sent to the Shareholders as part of the Offer Document for acceptance of the Offer
“Accepting Shareholder(s)”	Shareholder(s) (other than the Undertaking Shareholders) who accept(s) the Offer by submitting Acceptance Form(s)
“acting in concert”	having the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 13 April 2018 made by the Company in respect of the Offer
“Assured Entitlement(s)”	the aggregate number of the Shares which every Accepting Shareholder is entitled to be bought back by the Company, calculated on the basis of approximately 33.17% of the Shares (assuming the number of the Shares in issue as at the Latest Practicable Date remains unchanged until the completion of the Offer) registered in the name of the relevant Accepting Shareholder
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Codes”	Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Company”	Water Oasis Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1161)
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Concert Group”	a group of Shareholders parties acting in concert, comprising Mr. Tam Chie Sang, Ms. Yu Lai Chu Eileen, Mr. Yu Kam Shui Erastus, Ms. Lai Yin Ping, Ms. Lai Yin Ling, Ms. Yu Lai Si and Mr. Tam Yue Hung and their respective associates, who in aggregate hold 494,345,280 Shares (representing approximately 64.58% of the issued share capital of the Company as at the Latest Practicable Date)
“Conditions”	conditions set out under the heading “Conditions to the Offer” to which the Offer is subject

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## DEFINITIONS

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“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company dated 25 May 2018 to be convened in connection with the Offer
“Excess Number of Shares”	the number of the Shares specified in an Acceptance Form which is in excess of the Assured Entitlement of the relevant Accepting Shareholder
“Excess Tender(s)”	those Shares tendered by a Shareholder in excess of his/her Assured Entitlement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	25 May 2018, being the first closing date of the Offer (or such later date as may be determined and announced by the Company in accordance with the Codes)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, established to advise the Shareholders in respect of the Offer
“Independent Financial Adviser”	Altus Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Offer
“Last Trading Day”	6 April 2018, being the last trading day prior to the suspension of trading in the Shares pending the release of the Announcement
“Latest Acceptance Time”	the latest time for receipt by the Registrar of the Acceptance Form submitted by the Shareholders, being 4:00 p.m. on the First Closing Date
“Latest Practicable Date”	3 May 2018, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining information contained in this Offer Document
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Macau”	Macau Special Administrative Region of the People’s Republic of China
“Maximum Number of Shares”	the maximum number of the Shares to be bought back pursuant to the Offer, being 88,000,000 Shares in aggregate, representing approximately 11.50% of the total issued share capital of the Company as at the Latest Practicable Date
“Offer”	the voluntary conditional cash offer being made by Yu Ming on behalf of the Company to buy back the Maximum Number of Shares at the Offer Price from the Shareholders for cancellation
“Offer Document”	this document which contains, amongst others, the terms of the Offer, the notice of EGM, the proxy form for voting at the EGM and the Acceptance Form in connection with the Offer
“Offer Period”	the period from the date of the Announcement up to the date when the Offer closes, lapses or is withdrawn
“Offer Price”	HK\$0.80 per Share, being the share buy-back price under the Offer
“Overseas Shareholder(s)”	Shareholder(s), whose addresses, as shown in the register of members of the Company, are outside Hong Kong
“PRC”	People’s Republic of China
“Register of Member”	the register of members of the Company
“Registrar”	Tricor Standard Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Relevant Period”	the period from 14 October 2017, being the date falling on the six months before the date of the Announcement, up to and including the Latest Practicable Date
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Buy-backs Code”	Hong Kong Code on Share Buy-backs
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

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## DEFINITIONS

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“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Shares”	being the Maximum Number of Shares less the aggregate Assured Entitlements received
“SVF”	Shareholder Value Fund, a Shareholder holding 92,512,000 Shares as at the Latest Practicable Date
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Title Documents”	the relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title with respect to ownership of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof)
“Undertaking Shareholders”	collectively the Concert Group, Mr. Tam Siu Kei and Mr. Wong Chun Nam, Duffy
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Company in respect of the Offer
“%”	per cent.



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## LETTER FROM THE BOARD

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Water OASIS Group

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### **WATER OASIS GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1161)

*Executive Directors:*

Mr. Yu Kam Shui, Erastus

Mr. Tam Chie Sang

Ms. Yu Lai Chu, Eileen

Ms. Lai Yin Ping

*Independent Non-Executive Directors:*

Prof. Wong Lung Tak, Patrick, *B.B.S., J.P.*

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

Dr. Wong Chi Keung

*Registered office:*

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head office and principal*

*place of business:*

18th Floor, World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

4 May 2018

To the Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF WATER OASIS GROUP LIMITED  
TO BUY BACK UP TO 88,000,000 SHARES  
AT HK\$0.80 PER SHARE**

#### **INTRODUCTION**

On 13 April 2018, the Company announced that a conditional cash offer would be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to the Conditions, to buy back for cancellation up to the Maximum Number of Shares, being 88,000,000 Shares (representing approximately 11.50% of the total issued share capital of the Company as at the Latest Practicable Date) at the Offer Price of HK\$0.80 per Share.

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## LETTER FROM THE BOARD

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The purpose of this Offer Document is to provide you with, among other things, (i) detailed information relating to the Offer; (ii) a letter from the Independent Board Committee containing its recommendation and advice to the Shareholders as to whether the Offer is fair and reasonable and as to acceptance and voting; (iii) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders as to whether the Offer is fair and reasonable and as to acceptance and voting; and (iv) a notice of the EGM to consider and approve, if thought fit, the Offer.

### THE OFFER

The Shares to be bought back by the Company will not exceed the Maximum Number of Shares. Upon acceptance of the Offer and upon the basis of the “Principal Terms of the Offer” set out in the letter from Yu Ming, the Company will pay the Accepting Shareholders HK\$0.80 per Share in cash.

As at the Latest Practicable Date, save for 765,452,764 Shares in issue and 13,500,000 share options granted under the share option scheme adopted by the Company on 24 February 2012, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The maximum amount payable by the Company under the Offer is HK\$70,400,000. The Offer will be satisfied by internal resources of the Company. Yu Ming has confirmed that sufficient financial resources are available to the Company to satisfy the Offer in full if the Maximum Number of Shares is bought back.

The Offer will be made in full compliance with the Codes. The Offer will be subject to the fulfilment of the following Conditions:

- (a) the passing of an ordinary resolution by the Shareholders approving the Offer at the EGM by way of a poll;
- (b) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the Latest Practicable Date;
- (c) the compliance of the undertakings provided by the Undertaking Shareholders in respect of the Offer; and
- (d) it is expected that the public float of the Company will not be less than 25% upon completion of the Offer based on the information available to the Company immediately before the Offer becoming unconditional.

None of the conditions above is waivable.

The Offer is also subject to the Conditions referred to under the section headed “Conditions to the Offer” in the letter from Yu Ming as set out in this Offer Document.

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## LETTER FROM THE BOARD

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**As the Offer is subject to the fulfillment of all of the Conditions, it may or may not become unconditional and the Offer may or may not proceed.**

### THE OFFER PRICE

The Offer Price of HK\$0.80 per Share represents:

- (i) a discount of approximately 2.44% to the closing price of the Shares of HK\$0.82 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.44% to the average price of approximately HK\$0.82, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 4.76% to the average price of approximately HK\$0.84, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 9.09% to the closing price of the Shares of HK\$0.88 each as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 95.12% over the Group's net asset value of approximately HK\$0.41 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 September 2017.

The Offer Price of HK\$0.80 per Share was determined with reference to, inter alia, the net asset value per Share of HK\$0.41 (based on the audited consolidated accounts of the Company as at 30 September 2017), the downwards trend of the market price of the Share in the past six months, the thin liquidity of the Shares (the average daily trading volume to total issued shares is no more than 0.031% in the past six months) and the internal financial resources of the Group available to satisfy the Offer.

### DEALINGS IN SHARES

The Company has not bought back any Shares since 14 October 2017 and will not conduct any on-market share buy-back from the date of the Announcement and up to and including the date the Offer closes, lapses or is withdrawn, as the case may be.

The Undertaking Shareholders and parties acting in concert with each of them have confirmed that there has been no dealing in the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

### OTHER ARRANGEMENTS

Save for the undertakings provided by the Undertaking Shareholders, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares entered into by the Company, the Undertaking Shareholders or parties acting in concert with each of them which might be material to the Offer.

## LETTER FROM THE BOARD

Save for the undertakings provided by the Undertaking Shareholders, there is no agreement or arrangement to which the Company, the Undertaking Shareholders or parties acting in concert with each of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer. None of the Company, the Undertaking Shareholders or parties acting in concert with each of them has borrowed or lent any Shares or other relevant securities (as defined in Note 4 of Rule 22 of the Takeovers Code) of the Company.

### SHAREHOLDING STRUCTURES

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon completion of the Offer (assuming all Shareholders, other than the Undertaking Shareholders, take up their Assured Entitlement); and (iii) upon completion of the Offer (assuming only SVF takes up its Assured Entitlement).

	As at the Latest Practicable Date		Upon completion of the Offer (assuming all Shareholders, other than the Undertaking Shareholders, take up their Assured Entitlement)		Upon completion of the Offer (assuming only SVF takes up its Assured Entitlement)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Concert Group</i>						
Yu Lai Si ( <i>Note 1</i> )	166,113,760	21.70%	166,113,760	24.52%	166,113,760	22.61%
Yu Lai Chu, Eileen ( <i>Note 2</i> )	164,897,760	21.54%	164,897,760	24.34%	164,897,760	22.44%
Lai Yin Ling ( <i>Note 3</i> )	155,333,760	20.29%	155,333,760	22.93%	155,333,760	21.14%
Yu Kam Shui, Erastus ( <i>Note 4</i> )	8,000,000	1.05%	8,000,000	1.18%	8,000,000	1.09%
<i>Sub-total</i>	494,345,280	64.58%	494,345,280	72.97%	494,345,280	67.28%
Wong Chun Nam, Duffy ( <i>Note 5</i> )	600,000	0.08%	600,000	0.09%	600,000	0.08%
Tam Siu Kei ( <i>Note 6</i> )	5,222,000	0.68%	5,222,000	0.77%	5,222,000	0.71%
SVF ( <i>Note 7</i> )	92,512,000	12.09%	61,824,094	9.13%	61,824,094	8.41%
Other public shareholders	172,773,484	22.57%	115,461,390	17.04%	172,773,484	23.52%
<i>Sub-total (Note 8)</i>	265,285,484	34.66%	177,285,484	26.17%	234,597,578	31.93%
<b>Total</b>	<b>765,452,764</b>	<b>100.00%</b>	<b>677,452,764</b>	<b>100.00%</b>	<b>734,764,858</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Ms. Yu Lai Si personally holds 166,113,760 Shares.
2. Ms. Yu Lai Chu, Eileen is an executive Director. Ms. Yu Lai Chu, Eileen personally holds 9,564,000 Shares. Zinna Group Limited (“Zinna”), owned as to 75% by Ms. Yu Lai Chu, Eileen, 5% by Mr. Tam Chie Sang (an executive Director and the spouse of Ms. Yu Lai Chu, Eileen) and 20% by their son, Mr. Tam Yue Hung, holds 155,333,760 Shares. Ms. Yu Lai Chu, Eileen is interested in 164,897,760 Shares in aggregate.
3. Each of Advance Favour Holdings Limited and Billion Well Holdings Limited holds 77,666,880 Shares. They are wholly-owned by Ms. Lai Yin Ling.
4. Mr. Yu Kam Shui, Erastus is an executive Director and personally holds 8,000,000 Shares.
5. Mr. Wong Chun Nam, Duffy is an independent non-executive Director and personally holds 600,000 Shares.
6. Mr. Tam Siu Kei is the Chief Executive Officer of the Company. Mr. Tam Siu Kei personally holds 2,928,000 Shares and is interested in 2,294,000 Shares held by his spouse, Ms. Leung Pui Yi.
7. CM Asset Management (Hongkong) Company Limited is the investment manager of SVF.
8. As at the Latest Practicable Date, SVF is not a public Shareholder as its shareholding in the Company is more than 10%. Upon completion of the Offer, the shareholding of SVF in the Company will fall below 10% and SVF will become a public Shareholder.

The public float of the Company has been below the minimum 25% requirement under Rule 8.08 of the Listing Rules since July 2017. Assuming (i) the Shareholders (other than the Undertaking Shareholders) accept their Assured Entitlement or only SVF accepts its Assured Entitlement; and (ii) no existing public Shareholder becomes a substantial Shareholder on or before completion of the Offer, SVF will become a public Shareholder and it is expected that the public float of the Company will be restored upon completion of the Offer. The Company intends to continue to meet the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

### REASONS AND FINANCIAL EFFECT OF THE OFFER

Taking into account the thin liquidity of the Shares, the Board believes it is appropriate to utilize certain of the funds of the Company to purchase the Shares and to thereby provide a mechanism for the Shareholders to dispose of their Shares should they wish to do so.

In view of the above factors and having considered other method (payment of cash dividend) of achieving its objectives with its professional advisers, the Board considers that the Offer is in the interest of the Shareholders as it will:

- (a) return part of the funds to the Shareholders pursuant to the Offer;
- (b) provide an opportunity but not an obligation for the Shareholders either to sell their Shares and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company;

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## LETTER FROM THE BOARD

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- (c) have the effect of increasing the earnings per Share; and
- (d) restore the public float of the Company.

In determining the Maximum Number of Shares to be bought back by the Company shall it be accepted in full under the Offer, the Board has taken into account the internal financial resources of the Group available to satisfy the Offer.

The unaudited pro forma financial information of the Group upon completion of the Offer illustrating the financial impact of the Offer on the net assets per Share, earnings per Share, liabilities and working capital (expressed as net current assets) of the Group is set out in Appendix III of this Offer Document.

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document and assuming that the Offer had been completed on 30 September 2017 and the Maximum Number of Shares have been bought back, as a result of the completion, (i) the net asset value per Share as at 30 September 2017 would decrease by approximately 12.20% from approximately HK\$0.41 per Share to approximately HK\$0.36 per Share; (ii) the earnings per Share for the year ended 30 September 2017 would increase by approximately 13.19% from approximately 9.1 HK cents to approximately 10.3 HK cents; (iii) the net current liabilities as at 30 September 2017 would increase by HK\$72,400,000 from approximately HK\$12,903,000 to approximately HK\$85,303,000; and (iv) the liabilities (including current and non-current liabilities) as at 30 September 2017 would remain unchanged at approximately HK\$584,905,000.

Although the net asset value per Share would decrease and the net current liabilities of the Company would increase as a result of the Offer, taking into account that (i) the Offer is a means for the Company to return capital to the Accepting Shareholders and all Shareholders are provided with an equal opportunity to accept the Offer; and (ii) such decrease in net asset value per Share and increase in net current liabilities are not expected to have a material impact on the operation of the Group as the Group will have sufficient working capital to meet its normal operating requirement for the next twelve months after completion of the Offer, the Board considers the terms of the Offer are fair and reasonable.

### INFORMATION ON THE GROUP

The Company is incorporated in Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange.

The Group is principally engaged in the provision of beauty services as well as the sales and distribution of retail skincare products in Hong Kong, Macau and PRC.

### FUTURE INTENTIONS OF THE GROUP

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major changes will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed as a result of the Offer.

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## LETTER FROM THE BOARD

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It is also the intention of the Company not to rely upon sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance or any comparable provision of applicable company law in Cayman Islands.

### EGM

The notice of EGM is set out on pages EGM-1 to EGM-2 of this Offer Document. At the EGM, an ordinary resolution will be proposed for the purposes of considering, if thought fit, approving the Offer.

A form of proxy is enclosed with this Offer Document for use at the EGM. Whether or not you are able to attend this meeting, you are requested to complete and return the enclosed form of proxy to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting in person if you so wish.

Pursuant to Rule 2.9 of the Takeovers Code, any matter required by the Takeovers Code to be approved by Shareholder in general meetings must be conducted by way of a poll. Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the ordinary resolution to be proposed at the EGM as set out in notice of the EGM shall be voted by poll.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Shareholders with respect to the Offer.

At the approval by the Independent Board Committee, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Shareholders as to whether the Offer is fair and reasonable so far as the Shareholders are concerned, whether the Offer is in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting for or against the Offer. Shareholders should note that even if he/she votes in favour of or against the resolution to be proposed at the EGM, he or she is free nonetheless to accept or not to accept the Offer.

### GENERAL

Since no Shareholder has a material interest in the Offer which is different from the interest of the other Shareholders, no Shareholder is required to abstain from voting at the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this Offer Document. Your attention is also drawn to the letter of advice from the Independent Financial Adviser which contains, among other things, its advice to the Independent Board Committee and the Shareholders as to whether the Offer is fair and reasonable and as to acceptance and voting, and the principal factors and reasons considered by it in arriving at such advice. The text of the letter from the Independent Financial Adviser is set out from pages 24 to 38 of this Offer Document.

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## LETTER FROM THE BOARD

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Your attention is also drawn to the principal terms of the Offer as set out in Appendix I to this Offer Document, and the statutory and general information as set out in Appendix VI to this Offer Document.

**Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled in full and, therefore, may or may not become unconditional and the Offer may or may not proceed.**

**It should be noted that dealings in the Shares will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing the Shares during such period will accordingly bear the risk that the Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any of the Shares during this period is in any doubt about his or her position, it is recommended that he or she should consult his or her professional adviser.**

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



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## LETTER FROM YU MING

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YU MING INVESTMENT MANAGEMENT LIMITED  
禹銘投資管理有限公司

4 May 2018

To the Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF WATER OASIS GROUP LIMITED  
TO BUY BACK UP TO 88,000,000 SHARES  
AT HK\$0.80 PER SHARE**

### INTRODUCTION

On 13 April 2018, the Company announced that a conditional cash offer would be made by Yu Ming on behalf of the Company in compliance with the Codes, subject to the Conditions, to buy back for cancellation up to the Maximum Number of Shares, being 88,000,000 Shares (representing approximately 11.50% of the total issued share capital of the Company as at the Latest Practicable Date) at the Offer Price of HK\$0.80 per Share.

The Shares to be bought back by the Company will not exceed the Maximum Number of Shares. Upon acceptance of the Offer and upon the basis of the “Principal Terms of the Offer” set out below, the Company will pay the Accepting Shareholders HK\$0.80 per Share in cash.

This letter sets out details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Acceptance Form.

Your attention is drawn to the “letter from the Board” as set out on pages 5 to 12 of this Offer Document. You are also strongly advised to read the “letter from the Independent Board Committee” as set out on pages 22 to 23 of this Offer Document which contains its recommendation to the Shareholders in respect of the Offer, and the “letter from the Independent Financial Adviser” as set out on pages 24 to 38 of this Offer Document containing its advice to the Independent Board Committee and the Shareholders in respect of the Offer.

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## LETTER FROM YU MING

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### PRINCIPAL TERMS OF THE OFFER

The Offer is being made by Yu Ming on behalf of the Company subject to fulfilment of the Conditions to buy back the Shares at the Offer Price, for up to the Maximum Number of Shares. All Shareholders are entitled to accept the Offer by submitting Acceptance Forms to the Company.

The principal features of the Offer will be as follows:

- (a) The Company will buy back up to the Maximum Number of Shares at the Offer Price.
- (b) Shareholders may submit Acceptance Forms in respect of any number of his or her Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.
- (e) The Shares specified in an Acceptance Form will be bought back in the following order:
  - (i) firstly, all the Shares up to the Assured Entitlement of an Accepting Shareholder; and
  - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in the relevant Acceptance Form bears to the aggregate Excess Number of Shares in all the Acceptance Forms.
- (f) All Shares will be bought back free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought back under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount of cash payable to an Accepting Shareholder.

The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders in respect of the Offer.
- (g) All bought back Shares will be cancelled.

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## LETTER FROM YU MING

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- (h) The Shares will be bought back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him, her or it to Yu Ming and the Company that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the Announcement).

In compliance with Rule 3 of the Share Buy-backs Code, the Offer will be subject to the approval by the Shareholders by way of a poll. The Offer will also be subject to the other terms and conditions referred to under the section entitled “Conditions to the Offer” below. If the Offer is declared unconditional, Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

### **The Offer Price**

The Offer Price of HK\$0.80 per Share represents:

- (i) a discount of approximately 2.44% to the closing price of the Shares of HK\$0.82 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.44% to the average price of approximately HK\$0.82, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 4.76% to the average price of approximately HK\$0.84, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 9.09% to the closing price of the Shares of HK\$0.88 each as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 95.12% over the Group’s net asset value of approximately HK\$0.41 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 September 2017.

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## LETTER FROM YU MING

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### Conditions to the Offer

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution by the Shareholders approving the Offer at the EGM by way of a poll;
- (b) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the Latest Practicable Date;
- (c) the compliance of the undertakings provided by the Undertaking Shareholders in respect of the Offer; and
- (d) it is expected that the public float of the Company will not be less than 25% upon completion of the Offer based on the information available to the Company immediately before the Offer becoming unconditional.

None of the conditions above is waivable.

**If the Offer is not approved by the Shareholders, the Offer will lapse. As the Offer is subject to the fulfillment of all of the Conditions, it may or may not become unconditional and the Offer may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### HIGHEST AND LOWEST SHARE PRICES

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$1.04 on 27 and 30 October 2017 and 3 November 2017 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.80 on 29 March 2018.

### CONFIRMATION OF FINANCIAL RESOURCES

The maximum amount payable by the Company under the Offer is HK\$70,400,000. The Offer will be satisfied by internal resources of the Company. Yu Ming has confirmed that sufficient financial resources are available to the Company to satisfy the Offer in full if the Maximum Number of Shares is bought back.

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## LETTER FROM YU MING

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### UNDERTAKINGS IN RELATION TO THE OFFER

Each of (i) the Concert Group, interested in an aggregate of 494,345,280 Shares (representing approximately 64.58% of the issued share capital of the Company as at the Latest Practicable Date); (ii) Mr. Tam Siu Kei, the Chief Executive Officer of the Company, together with his associates are interested in 5,222,000 Shares (representing approximately 0.68% of the issued share capital of the Company as at the Latest Practicable Date); and (iii) Mr. Wong Chun Nam, Duffy, an independent non-executive Director and interested in 600,000 Shares (representing approximately 0.08% of the issued share capital of the Company as at the Latest Practicable Date), has irrevocably undertaken to the Company that he/she and his/her respective associates will not accept the Offer.

Save for the Undertaking Shareholders, as at the Latest Practicable Date, the Company has not received other Shareholder's intention as to acceptance of the Offer.

### ASSURED ENTITLEMENT AND EXCESS NUMBER OF SHARES

As at the Latest Practicable Date, there are 765,452,764 Shares in issue. The Maximum Number of Shares subject to be bought back pursuant to the Offer is 88,000,000 Shares.

The Undertaking Shareholders have undertaken that they will not accept the Offer for 500,167,280 Shares held by them. Assuming that all of the Shareholders becoming Accepting Shareholders and on the basis that the Undertaking Shareholders do not accept the Offer, Shareholders are assured of being able, if they so wish, to sell to the Company approximately 33.17% of the Shares they hold as at the Latest Acceptance Time (assuming the number of the Shares in issue as at the Latest Practicable Date remains unchanged until the completion of the Offer). By way of example, a Shareholder holding 2,000 Shares as at the Latest Acceptance Time will be assured of being able to accept the Offer in respect of 663 Shares. The number of Shares which may be acquired from an Accepting Shareholder may be in excess of his or her Assured Entitlement in the event that there are Shareholders not submitting Acceptance Forms or the number of the Shares specified in some of the Acceptance Forms is less than the Assured Entitlements of the relevant Accepting Shareholders. The number of Shares so acquired will be dependent on the number of the Surplus Shares.

If the aggregate Excess Number of Shares falls below the Surplus Shares, all of the Excess Number of Shares will be bought back by the Company. In the event of the aggregate Excess Number of Shares exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Number of Shares will be entitled to the share buy-back by the Company of that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in his or her Acceptance Forms bears to the aggregate Excess Number of Shares calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Number of Shares specified in an Acceptance Form

A = aggregate Excess Number of Shares specified in all of the Acceptance Forms

S = Surplus Shares

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## LETTER FROM YU MING

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The total number of the Shares which will be bought back by the Company will not exceed the Maximum Number of Shares.

### PROCEDURES FOR ACCEPTANCE

The Offer is open for acceptance from the date of this Offer Document, but payment of the Offer will only be made after the Offer has become unconditional. The consideration under the Offer will not be despatched unless the Acceptance Form is completed in all respects and the Title Documents have been received by the Company. Shares tendered under the Offer shall be paid for by the Company within 7 Business Days after the close of the Offer.

If the Offer is declared unconditional, Shareholders will be able to tender their Shares under the Offer for a period of a further 14 days thereafter.

In order to accept the Offer, Shareholders should complete and return the accompanying Acceptance Form in accordance with the instructions printed in this Offer Document and the instructions printed on the Acceptance Form. The instructions in this Offer Document should be read together with the instructions on the Acceptance Form (which instructions form part of the terms of the Offer).

In order to be valid, the completed Acceptance Form should be lodged, together with the Title Documents for not less than the number of Shares in respect of which the relevant Shareholder wishes to accept the Offer to the Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "Water Oasis Group Limited — 2018 Share Buy-back Offer" as soon as possible after receipt of the Acceptance Form but in any event, no later than 4:00 p.m. (Hong Kong time) on the First Closing Date, or such later time and/or date as the Company may, subject to the Codes, decide and announce.

If the Acceptance Form is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be lodged to the Registrar with the completed Acceptance Form.

No acknowledgement of receipt of any Acceptance Form or Title Documents will be given.

Only one Acceptance Form may be submitted by each Shareholder to the Registrar. Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

**It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. Overseas Shareholders should consult their professional advisers if in doubt.**

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## LETTER FROM YU MING

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### ODD LOTS ARRANGEMENTS

Currently, the Shares are traded in board lots of 2,000 Shares each. Such board lot size will not change as a result of the Offer. Shareholders should note that acceptance of the Offer may result in their holding of odd lots of the Shares.

In view of the number of Shares in an Assured Entitlement and the manner of calculation in respect of the Excess Tenders as described above, an Accepting Shareholder may, as a result of the Offer, hold odd lots of the Shares.

For this purpose, Upbest Securities Company Limited, whose address is at 2/F., Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong (contact person: Mr Tong Wai Tong; telephone number: 2545 3298) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of Shares in the market for a period of 6 weeks from the completion of the Offer to enable odd lot Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 2,000 Shares. Odd lot Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional.

### NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Shareholders, those registered holders of the Shares who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

### RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Acceptance Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, Yu Ming, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

### SETTLEMENT

Subject to the Offer becoming unconditional and provided that a duly completed Acceptance Form, accompanied by the Title Documents are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes) and are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by post of the buy-back of his/her Shares, including the number of Shares to be bought back from his Excess Tenders, if any. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer (subject to deduction of seller's ad valorem stamp duty due on the buy-back of the Shares from the amount payable in cash) within 7 Business Days after the close of the Offer.

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## LETTER FROM YU MING

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If the Excess Tenders of an Accepting Shareholder has not been bought back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to the Accepting Shareholder by ordinary post at his/her risk within 7 Business Days after the close of the Offer.

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. In such an event, the Company will make an announcement in accordance with the Takeovers Code and send a notice of lapse of the Offer to the Shareholders.

Where such Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

Settlement to the consideration to which any Accepting Shareholder is entitled under the Offer will be paid by the Company in full in accordance with the terms of the Offer set out in this Offer Document (including its appendices) and the accompanying Acceptance Form without regard to any lien, right of set-off, counterclaim or other analogous right to which the Company may otherwise be, or claim to be, entitled against such Accepting Shareholder.

### **TAX IMPLICATIONS**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Shareholders.

### **EGM**

The notice of EGM is set out on pages EGM-1 to EGM-2 of this Offer Document. At the EGM, an ordinary resolution will be proposed for the purposes of considering, if thought fit, approving the Offer.

Further details on the terms and conditions of the Offer including, amongst other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Offer Document and in the Acceptance Form.



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## LETTER FROM YU MING

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Shareholders are strongly advised to consider carefully the information as contained in the “letter from the Board”, the recommendation as contained in the “letter from the Independent Board Committee” and the advice of the Independent Financial Adviser as contained in the “letter from the Independent Financial Adviser” of this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information as set out in the appendices to this document which form part of the Offer Document.

**It should be noted that dealings in the Shares will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing the Shares during such period will accordingly bear the risk that the Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any of the Shares during this period is in any doubt about his or her position, it is recommended that he or she should consult his or her professional adviser.**

Yours faithfully,

For and on behalf of

**YU MING INVESTMENT MANAGEMENT LIMITED**

**Lee Wa Lun, Warren**

*Managing Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of the Independent Board Committee to the Shareholders in respect of the Offer for inclusion in this Offer Document.*



Water OASIS Group

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### **WATER OASIS GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1161)

4 May 2018

To the Shareholders

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF WATER OASIS GROUP LIMITED  
TO BUY BACK UP TO 88,000,000 SHARES  
AT HK\$0.80 PER SHARE**

We have been appointed as members of the Independent Board Committee to advise the Shareholders in respect of the Offer, details of which are set out in the “letter from the Board” in the offer document of the Company dated 4 May 2018 (the “**Offer Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the letter from the Board as set out on pages 5 to 12 of the Offer Document and Appendix I to the Offer Document containing the principal terms of the Offer, and the letter of advice from the Independent Financial Adviser as set out on pages 24 to 38 of the Offer Document, which contains its advice and recommendation to us in respect of the Offer, as well as the principal factors and reasons for its advice and recommendation.

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned and that the Offer is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Shareholders to vote in favour of the ordinary resolution to approve the Offer at the EGM.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We also concur with the advice of the Independent Financial Adviser and recommend the Shareholders to accept the Offer. Notwithstanding our recommendations, Shareholders are advised to monitor the market price of the Shares carefully during the Offer Period. If any Shareholder is able to identify any opportunity to sell his/her Shares in the open market where the net proceeds from such sale will exceed the net proceeds by accepting the Offer, such Shareholder should consider not to accept the Offer and should seek to sell his/her Shares if he/she wishes to and is able to do so.

Yours faithfully,

**INDEPENDENT BOARD COMMITTEE**  
**WATER OASIS GROUP LIMITED**

**Prof. Wong Lung Tak, Patrick, B.B.S., J.P.**

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

**Dr. Wong Chi Keung**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders in relation to the Offer, which has been prepared for the purpose of incorporation in this Offer Document.*

ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central, Hong Kong

4 May 2018

*To the Independent Board Committee and the Shareholders*

Water Oasis Group Limited  
18/F, World Trade Centre  
280 Gloucester Road  
Hong Kong

Dear Sirs,

**CONDITIONAL CASH OFFER  
TO BUY BACK UP TO 88,000,000 SHARES  
AT HK\$0.80 PER SHARE**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Offer. Details of the Offer are set out in the Letter from the Board contained in the Offer Document to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Offer Document unless the context requires otherwise.

On 13 April 2018, the Company announced that a conditional voluntary cash offer will be made by Yu Ming Investment Management Limited on behalf of the Company to buy back for cancellation up to 88,000,000 Shares, representing approximately 11.50% of the entire issued share capital of the Company as at the date of the Announcement, from the Shareholders. The Offer will be made by Yu Ming on behalf of the Company at a price of HK\$0.80 per Share in cash, payable by the Company from its internal resources.

The Offer will be conditional upon, among other things, the approval of the Offer by the Shareholders at the EGM by way of poll. If any of the conditions of the Offer cannot be fulfilled, the Offer will lapse.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Prof. Wong Lung Tak, Patrick, Mr. Wong Chun Nam, Duffy and Dr. Wong Chi Kong, has been established by the Board to advise the Shareholders as to whether the terms of the Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and whether or not to accept the Offer.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Shareholders as to (i) whether the terms of the Offer are fair and reasonable as far as the Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole; (ii) how the Shareholders should vote in respect of the resolution relating to the Offer to be proposed at the EGM; and (iii) how the Shareholders should decide whether or not to accept the Offer.

We have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the HK Listing Rules, and given that remuneration for our engagement to opine on the Offer is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

### BASIS OF OUR ADVICE

In formulating our advice, we have reviewed, amongst others, the annual report of the Group for the year ended 30 September 2017 (the “**2017 Annual Report**”) and the property valuation report as stated in Appendix V of this Offer Document. We have also relied on the statements, information, opinions and representations contained or referred to in the Offer Document and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”).

We have assumed that all statements, information, opinions and representations contained or referred to in the Offer Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Offer Document. We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading, and we have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group nor have we carried out any independent verification of the information supplied to us.

We consider that we have been provided with sufficient information by the Company, the Directors and the Management and have taken sufficient and necessary steps, on which to form a reasonable basis and an informed view for our advice in compliance with Rule 2 of the Takeovers Code.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have not considered the taxation implications on the Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred to the Shareholders as a result of the Offer. In particular, the Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on whether the terms of the Offer are fair and reasonable, we have taken into consideration the following principal factors and reasons:

#### 1. Background Information on the Group

The Group is principally engaged in the operation of beauty centers, spas and medical beauty centers. The Company operates through two business segments. The Group's retail segment is mainly engaged in the retailing of skincare products under the brand names of H2O+, Erno Laszlo, Glycel, DermaSynergy and Eurobeauté. Its services segment is engaged in the provision of services in beauty centers, spas and medical beauty centers mainly under the brand names of Oasis Beauty, Oasis Spa, Oasis Homme and Oasis Medical Centre. The Group operates its businesses across Hong Kong, Macau and PRC. The Company is founded in 1998, and has been listed on the Main Board of The Stock Exchange of Hong Kong since 2002.

#### 2. Performance of the Group

The following table sets out a summary of the audited consolidated results of the Group for each of the two years ended 30 September, 2017 and 2016, as extracted from the 2017 Annual Report:

	<b>For the year ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Turnover	644,831	626,823
Profit before taxation	85,721	40,936
Profit attributable to the Shareholders	69,331	29,063
Earnings per Share – basic and diluted	HK\$0.091	HK\$0.038

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	<b>As at 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Net asset value	312,387	286,110
Net asset value per Share <sup>Note 1</sup>	HK\$0.41	HK\$0.37

*Note 1:* Based on number of Shares in issue of 763,952,764 as at 30 September 2017 and 2016.

### **(i) Results of 2017**

For the year ended 30 September (“FY”) 2017, the Group recorded a substantial improvement in profit attributable to the Shareholders of approximately HK\$69.3 million, compared to approximately HK\$29.1 million for FY2016. This was a result of (i) an increase in revenue of approximately 2.9% to approximately HK\$644.8 million; (ii) an improved gross profit margin due to change in sales mix where contribution from higher margin beauty services rose to approximately 78.2% of sales in FY2017 from approximately 75.4%; and (iii) savings made on the Group’s major expenditures.

During the year, the Group had continued with its cost control measures by closing down four under-performing and unprofitable outlets, and also benefited from a more flexible rental market where it was able to negotiate for rental reductions for certain outlets in Hong Kong and Macau.

As at 30 September 2017, the net assets of the Group was approximately HK\$312.4 million (FY2016: HK\$286.1 million), representing an increase of approximately 9.2% mainly due to the profits recorded in FY2017. On the basis of 763,952,764 Shares in issue as at 30 September 2017 (FY2016: 763,952,764 Shares), net asset value per Share amounted to approximately HK\$0.41 (FY2016: HK\$0.37). The Group had declared a total dividend of 8.0 HK cents per Share during FY2017.

As disclosed in the 2017 Annual Report, the Group had bank balances and cash of approximately HK\$402.4 million, representing approximately 44.8% of its audited total assets as at 30 September 2017. Assuming full acceptance of the Offer, the total cash consideration payable by the Group’s will amount to approximately HK\$70.4 million, representing approximately 17.5% of the total cash on hand as at 30 September 2017. We concur with the Management, given such cash level, the deployment of cash towards the Offer will not impact the liquidity and business operation of the Group.

**(ii) Outlook of the Group**

As disclosed in the 2017 Annual Report and based on discussions with the Management of the Company, the Group intended to (i) enhance its digital credentials in terms of increasing data analytics capacity to better identify customers' needs, widening the presence of its e-commerce platform, increasing the level of digital marketing initiatives and improving their targeting, and engaging more closely with KOLs; (ii) introduce new services, skincare products and equipment in order to bring new and advanced beauty technologies to its customers; (iii) enhance its professional teams, including its doctors and service staff, to maintain and ensure its high-level service standards; and (iv) explore possible new sales channels with the potential for expanding its market outside Hong Kong. Based on our discussion with the Management, we understand that there is no plan to change the Group's business strategies in the near to medium term, whether the Offer is completed or not.

Based on our discussion with the Management, the implementation of the above strategies may involve additional investment of the Group's resources, in particular, sales and marketing expenses. It is also important for the Group to keep up with the technological advancement in products and equipment so as to retain its customers, and this will involve capital investments.

We are of the view that while the Group has benefited from an improved consumer market in Hong Kong over the past year and the positive effects of its cost control measures, its financial performance over the medium to long term may depend on the sustainability of the robust Hong Kong consumer market, the continued effectiveness of its cost control measures and successful implementation of the business plans as described above.

**3. Principal terms and conditions of the Offer****(i) Principal terms**

- (a) The Company will buy back up to the Maximum Number of Shares at the Offer Price.
- (b) Shareholders may submit Acceptance Forms in respect of any number of his or her Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (e) The Shares specified in an Acceptance Form will be bought back in the following order:
  - (i) firstly, all the Shares up to the Assured Entitlement of an Accepting Shareholder; and
  - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in the relevant Acceptance Form bears to the aggregate Excess Number of Shares in all the Acceptance Forms.
- (f) All Shares will be bought back free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought back under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount of cash payable to an Accepting Shareholder.

The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders in respect of the Offer.
- (g) All Shares bought back under the Offer will be cancelled.
- (h) The Shares will be bought back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by him, her or it to Yu Ming and the Company that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared, made or paid on or after the Announcement).

We understand the Maximum Number of Shares was determined having taken into account the Company's available financial resources, balancing the intention of providing returns to Shareholders and the Company's working capital needs, including investments relating to the business strategies outlined under the section headed "2.(ii) Outlook of the Group" in the above. We believe this is a fair and reasonable approach, and the Offer will not have an adverse impact on the ongoing operations and future plans of the Group.

We note from (a) to (b) above, Shareholders have the absolute discretion on whether to accept their Assured Entitlement, whether in full or in part. The acceptance will be binding once all conditions of the Offer as described below are met.

From (e) above, we note that an Accepting Shareholder may choose to apply to sell more Shares than his/her Assured Entitlement but this will be subject to availability depending on the acceptance level of Assured Entitlements by other Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From (f) above, the Offer may represent a cheaper way for Accepting Shareholders to sell their Shares compared to selling in the market given that there will be no brokerage commission or dealing charges payable.

### (ii) Conditions of the Offer

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution by the Shareholders approving the Offer at the EGM by way of a poll;
- (b) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the Latest Practicable Date;
- (c) the compliance of the undertakings provided by the Undertaking Shareholders in respect of the Offer; and
- (d) it is expected that the public float of the Company will not be less than 25% upon completion of the Offer based on the information available to the Company immediately before the Offer becoming unconditional.

None of the conditions above is waivable.

We are of the view that the conditions (a) to (d) above are fair and reasonable, and in which condition (d) will secure the compliance with Rule 8.08 of the Listing Rules by the Company upon the Offer becoming unconditional and completion of the Offer.

### 4. Reasons for the Offer

As stated in the Letter from the Board contained in the Offer Document, the Board considers that the Offer is in the interest of the Shareholders as it will:

- (i) return part of the funds to the Shareholders pursuant to the Offer;
- (ii) provide an opportunity but not an obligation for the Shareholders either to sell their Shares and receive cash or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company;
- (iii) have the effect of increasing the earnings per Share; and
- (iv) restore the public float of the Company.

We concur with the Management that the Offer allows the Shareholders the flexibility, which is at their absolute discretion, of either to exit part of their shareholdings at a fair and reasonable price as further analysed in section 5.(i) below, or to continue to retain their shareholdings in the Company and participate in the future development of the Company. We are of the view that the Offer is a fair and reasonable proposition to Shareholders.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

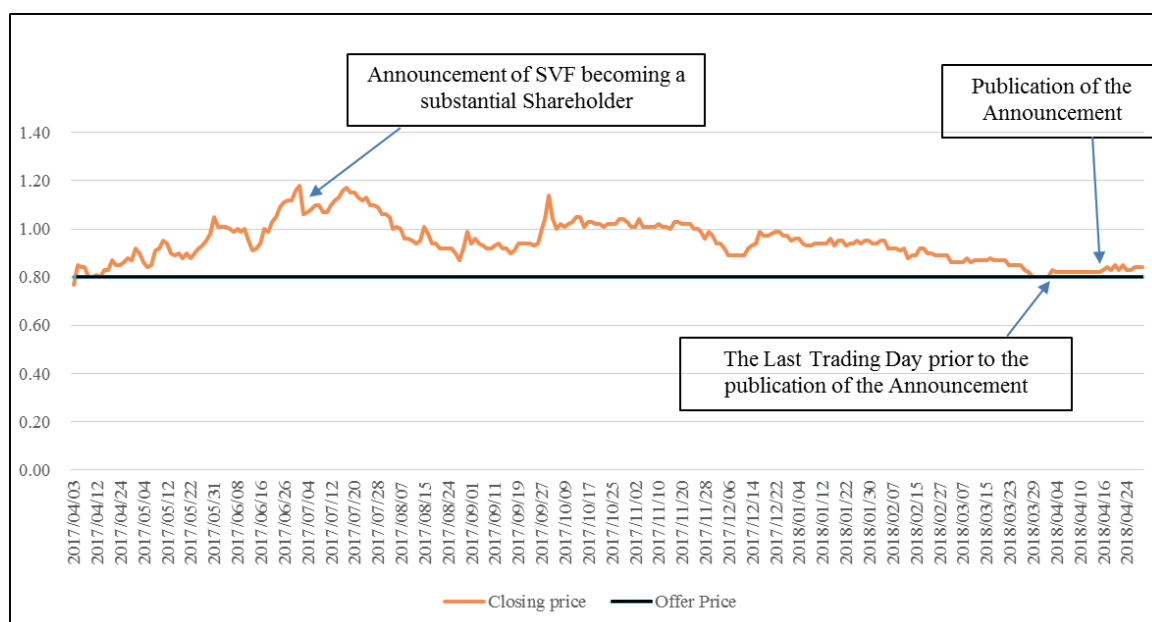
### 5. Evaluation of the Offer

#### (i) Offer Price

The Offer Price, being HK\$0.80 per Share, represents:

- (i) a discount of approximately 2.44% to the closing price of the Shares of HK\$0.82 each as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.44% to the average price of approximately HK\$0.82, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 4.76% to the average price of approximately HK\$0.84, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day; and
- (iv) a premium of approximately 95.12% over the Group's net asset value of approximately HK\$0.41 per Share pursuant to the latest audited consolidated accounts of the Company as at 30 September 2017.

The chart below illustrates the closing price level of the Shares as quoted on the Stock Exchange for a period of around 12 months from 1 April 2017 up to the Latest Practicable Date (the “**Review Period**”).



Source: Stock Exchange

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Further as shown in the following table are (i) the monthly highest and lowest closing prices at which the Shares traded on the Stock Exchange; (ii) the average daily trading volume of Shares; (iii) the percentage of the average daily trading volume relative to the total issued Shares; and (iv) the percentage of the average daily trading volume to public Shares during the Review Period.

	Closing price		Average daily trading volume	Percentage of the average daily trading volume to total issued Shares	Percentage of the average daily trading volume to public Shares
	Highest	Lowest			
	(HK\$)	(HK\$)	(Shares)	(Note 1)	(Note 2)
<b>2017</b>					
April	0.92	0.77	2,726,163	0.357%	1.033%
May	1.05	0.84	1,786,738	0.234%	0.677%
June	1.18	0.91	1,484,277	0.194%	0.845%
July	1.17	1.06	346,320	0.045%	0.197%
August	1.06	0.87	117,818	0.015%	0.067%
September	1.14	0.90	306,381	0.040%	0.179%
October	1.05	1.00	115,223	0.015%	0.067%
November	1.04	0.96	95,227	0.012%	0.055%
December	0.99	0.89	157,263	0.021%	0.091%
<b>2018</b>					
January	0.96	0.93	200,273	0.026%	0.116%
February	0.95	0.88	237,222	0.031%	0.137%
March	0.89	0.80	149,540	0.020%	0.087%
April (2 to the Last Trading Day)	0.83	0.82	102,000	0.013%	0.059%
April (16 and up to the Latest Practicable Date)	0.85	0.83	158,909	0.021%	0.092%

*Source: Stock Exchange*

*Notes:*

1. Based on the total number of issued Shares as at the last trading days of each month, with 763,952,764 Shares for the period from April 2017 to September 2017, and 765,452,764 Shares for the period from October 2017 to the Latest Practicable Date.
2. Based on the total number of shares constituting the public float as at the last trading days of each month, being 263,785,484 shares for April and May 2017, 175,715,484 shares for the period from June to August 2017, pursuant to the announcement dated 4 July 2017 that the Company's public float has fallen below the required 25% as SVF has become a substantial Shareholder of the Company, 171,273,484 shares for September 2017 and 172,773,484 shares from October 2017 onward.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated above, during the Review Period, the prices of the Shares had been on a decreasing trend from HK\$1.18 per Share (recorded on 30 June 2017) to HK\$0.82 per Share (recorded on 6 April 2018), representing a drop of over 30%. Prices of Shares hovered around HK\$0.80 to HK\$0.85 levels after the Announcement up to the Latest Practicable Date. It is also noted that the Shares has experienced a decreasing trading volume where average daily trading volume decreased from 2,726,163 Shares in April 2017 to 149,540 Shares in March 2018. Other than the month of April to June 2017 which coincided with certain events as explained below, the percentage of the average daily trading volume to total issued Shares had been below 0.05%.

We noted that the increase in prices of Shares during the initial months of the Review Period coincided with the period when SVF was likely to have been increasing its shareholding in the Company, which followed by the Company's announcement on 4 July 2017 that the Company's public float has fallen below the required 25% as SVF has become a substantial Shareholder of the Company. Meanwhile, the average daily trading volume dropped from 1,484,277 Shares in the month of June 2017 to 346,320 in the month of July 2017, following such announcement. We believe the increasing price trend and relatively high trading volume during April to June 2017 were likely the result of the aforesaid buying activities of SVF.

With a decreasing trend in trading price of the Shares up to the Last Trading Day, along with the decreasing trend of daily trading volume of the Shares in the past 12 months, it is uncertain whether there would be sufficient liquidity in the market for Shareholders who are contemplating selling their Shares to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price. The Offer therefore presents, during such downward trends, an option to exit at a fixed price for Shareholders who may be considering realising their shareholding in the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(ii) Analysis of the valuation of the Company implied by the Offer Price compared to other comparable companies**

In forming our opinion on the Offer Price, we have adopted the price-to-earnings approach in evaluation of the Company with the comparable companies as they are operating as going concerns. As reference, we have also considered their price-to-book ratio. In the selection of comparable companies, our selection criteria targets at Hong Kong listed stocks which (i) is principally engaged in the beauty industry with over two-thirds of revenue from Hong Kong/Macau market; and (ii) is principally providing beauty services with ancillary income from sales of beauty products. Under such criteria, we have identified two companies, which we believe is an exhaustive and fair and representative list, falling within the above criteria (the “**Comparables**”). The following table shows the price-to-earnings and price-to-book ratios implied by the Offer Price of the Company and the Comparables:

Company name	Stock code	Principal business activity	Market capitalisation (HK\$'000) (Note 1)	Profit (HK\$'000) (Note 2)	Book value (HK\$'000) (Note 3)	Price-to-earnings ratio times (Note 4)	Price-to-book ratio times (Note 5)
Modern Beauty Salon Holdings Limited	919	Engaged in the provision of beauty and wellness services and the sales of skincare and wellness products in Hong Kong.	253,256	33,262	108,799	7.6	2.3
Perfect Shape Beauty Technology Limited	1830	Engaged in the provision of slimming and high technology beauty services in Hong Kong, the PRC and Macau.	1,216,324	91,356	425,711	13.3	2.9
The Company	1161	Engaged in the provision of beauty services as well as the sales and distribution of retail skincare products in Hong Kong, Macau and PRC.	612,362 (Note 6)	69,331	305,247	8.8 (Note 7)	2.0 (Note 8)

*Source: Stock Exchange*

*Notes:*

1. Market capitalisation is based on the number of shares in issue and the closing share price as at the Latest Practicable Date.
2. Profits are net profit attributable to equity shareholders for the year of the respective Comparables and the Company as reported on their latest available audited financial statements.

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3. Book values of the respective Comparables and the Company are the equity attributable to equity shareholders as reported in their latest available audited/unaudited financial statements.
4. Price-to-earnings ratio is calculated using the market capitalisation of the respective Comparables and Company as at the Latest Practicable Date divided by their profit.
5. Price-to-book ratio is calculated using the market capitalisation of the respective Comparables and the Company as at the Latest Practicable Date divided by their book values.
6. The market capitalisation of the Company is implied by the Offer Price, which is the Offer Price times the number of issued Shares as at the Latest Practicable Date.
7. The market capitalisation as implied by the Offer Price divided by the profit of the Group as at 30 September 2017.
8. The market capitalisation as implied by the Offer Price divided by the book value of the Group as at 30 September 2017. From the property valuation report in Appendix V of this Offer Document, the value of property has increased by approximately HK\$1.6 million to HK\$232.4 million. Given such nominal increase, it does not have a material impact on the price-to-book analysis below.

We have compared the price-to-earnings ratio of the Group as implied by the Offer Price with the Comparables. According to the audited financial statement for the year ended 30 September 2017, the Company recorded profit attributable to the Shareholders of approximately HK\$69.3 million. The price-to-earnings ratio as implied by the Offer Price of approximately 8.8 times (i) falls within the range of price-to-earnings ratios of the two Comparables of between approximately 7.6 times and 13.3 times; and (ii) is slightly below their average of approximately 10.5 times, rendering the Offer Price fair and reasonable in our view.

As a reference, we have also considered price-to-book ratio, another commonly used benchmark for valuation of companies, even though price-to-book ratio analysis are generally applied to asset-based businesses such as property development and banks, or in cases of business liquidation. We have compared the price-to-book ratio of the Company as implied by the Offer Price with those of the two Comparables. As shown in the table above, the price to book ratios of the two Comparables are approximately 2.3 times and 2.9 times respectively, with an average of approximately 2.6 times. The price-to-book ratio as implied by the Offer Price of approximately 2.0 times is below the range by approximately 13.8% and approximately 22.6% lower than the average price-to-book ratios of the two Comparables. Having considered the businesses of the Company and the two Comparables are operating as going concerns hence price-to-earnings ratio valuation approach will be more appropriate, while the price-to-book ratio analysis is presented for general reference as explained above, we are of the view that such level of discounts are acceptable.

From purely a historical valuation stand point, both the price-to-earnings ratio and the price-to-book ratio of the Company as implied by the Offer Price are fair and reasonable in our view. We meanwhile advise Shareholders to also consider the outlook and prospects of the Company, in particular, whether they are in concurrence with the business strategies which the Management has laid down for the next few years of these business strategies as elaborated under the section headed “2. (ii) Outlook of the Group” above. The results of implementing these strategies cannot be ascertained at this moment and their implementation may take time, while incurring certain related expenses. The valuation of the Company going forward will be dependent on, to a certain extent, the effectiveness of these business strategies.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (iii) Mechanism of the Offer

Under the Offer, the shares buy back by way of conditional cash offer is a fair mechanism in which all Shareholders can participate equally on the same terms. As illustrated in the table under section 5.(i) above, the average daily trading volume of the Shares represented less than 0.5% of the total Shares in issue as at the Latest Practicable Date, even during periods of relatively active trading between April and June 2017. Given the relatively low trading volume, the Offer provides an opportunity for those Shareholders who wish to realise part of their holdings to do so at a fixed price and without incurring transaction costs, being the commissions and dealing charges as stated under the section 3(i) (f) in above.

### (iv) Changes in shareholding structure and intention of the Company after the Offer

The table below shows the shareholding structure of the Company immediately before and after the completion of the Offer on the assumption that (i) all Shareholders (other than Undertaking Shareholders) accept the Offer in full; (ii) assuming only SVF takes up its Assured Entitlement; and (iii) assuming only SVF takes up the Maximum Number of Shares:

Shareholders	As at the Latest Practicable Date		Upon completion of the Offer (assuming all Shareholders, other than the Undertaking Shareholders, take up their Assured Entitlement)		Upon completion of the Offer (assuming only SVF takes up its Assured Entitlement)		Assuming only SVF takes up the Maximum Number of Shares	
	(Shares)	(%)	(Shares)	(%)	(Shares)	(%)	(Shares)	(%)
Undertaking								
Shareholders	500,167,280	65.34%	500,167,280	73.83%	500,167,280	68.07%	500,167,280	73.83%
SVF	92,512,000	12.09%	61,824,094	9.13%	61,824,094	8.41%	4,512,000	0.67%
Other public								
Shareholders	172,773,484	22.57%	115,461,390	17.04%	172,773,484	23.52%	172,773,484	25.50%
Total	<u>765,452,764</u>	<u>100.00%</u>	<u>677,452,764</u>	<u>100.00%</u>	<u>734,764,858</u>	<u>100.00%</u>	<u>677,452,764</u>	<u>100.00%</u>

With reference to the condition of the Offer as stated under section 3.(ii)(d) above, we note that the Offer will proceed only if it is expected that the public float of the Company will not be less than 25% upon completion of the Offer. From the above table, we noted that such condition will only likely be met if SVF (assuming there is no change in SVF's shareholding) accepts a substantial part, if not all, of its Assured Entitlement.

The public float of the Company will be restored upon completion of the Offer under the three scenarios shown in the table above. From this perspective, we are of the view that the Offer, which provides a possible avenue for the Company to restore its public float, is in the interests of the Company.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (v) Financial impact of the Offer

The unaudited pro forma consolidated financial information of the Group upon completion of the Offer illustrating the financial impact as a result of the Offer on the net assets per Share and basic earnings per Share is set out in Appendix III of this Offer Document.

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document and assuming that the Offer had been completed on 30 September 2017 and the Maximum Number of Shares have been bought back, as a result of the completion, (i) the net asset value per Share as at 30 September 2017 would decrease by approximately 12.20% from approximately HK\$0.41 per Share to approximately HK\$0.36 per Share; (ii) the earnings per Share for the year ended 30 September 2017 would increase by approximately 13.19% from approximately 9.1 HK cents to approximately 10.3 HK cents; (iii) the working capital (expressed as net current liabilities) as at 30 September 2017 would decrease by approximately HK\$72,400,000 from approximately HK\$12,903,000 to approximately HK\$85,303,000; and (iv) the liabilities (including current and non-current liabilities) as at 30 September 2017 would remain unchanged at approximately HK\$584,905,000.

The expected enhancement in earnings per Share upon completion of the Offer as stated above will continue to accrue to Shareholders in respect of their remaining shareholding in the Company after the Offer. Although the net asset value per Share would have decreased by approximately 12.2% given that the price of the Offer is at a premium to the net asset value per Shares, we note that the Offer is a means for the Company to return capital to the Accepting Shareholders, and any Shareholders who are concerned with such impact would have equal opportunity to accept their Assured Entitlements. There is therefore no material adverse effect to the Shareholders in essence. As such, we consider that the overall impact of the Offer on earnings per Share and net assets value per Share is justifiable, and the Offer is fair and reasonable and is in the interests of the Shareholders and the Company as a whole.

### (vi) Odd lot issue

Acceptance of the Offer (either in part or in full) may result in Accepting Shareholders holding odd lot of Shares. The realisable price of odd lot Shares may be different from the trading price of board lot Shares on the market. We noted that the Company will appoint a designated broker as matching agent to provide matching service, on a best effort basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the Shares.

## 6. SUMMARY OF ANALYSIS AND OUR RECOMMENDATION

From the above, we noted, amongst others:

- i. the Offer provides the Shareholders the option, which is at their absolute discretion, of whether to realise at least part of their shareholdings in the Company;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- ii. the average daily trading volume of the Shares has been low. Given the low liquidity and the downward trend of the price of the Shares over the Review Period, it may be difficult for Shareholders who wish to realise some of their investments in the Company to dispose a substantial number of Shares in the open market without causing any downward pressure on the market price level of the Shares. The Offer provides an opportunity to such Shareholders to realise some of their investments in the Company at a fixed price and without incurring transaction costs, being the commissions and dealing charges as stated under the section 3.(i)(f) in above;
- iii. the price-to-earnings ratio of the Company implied by the Offer Price is within the range and slightly below the average of the two Comparables by approximately 15.6%, rendering the Offer Price fair and reasonable;
- iv. the Offer is expected to increase the earnings per Share by approximately 13.2% and decrease the net asset value per Share by approximately 12.2%; and
- v. the Offer provides a possible avenue for the Company to restore its public float.

Taking into account the above considerations, we consider that the terms of the Offer are fair and reasonable as far as the Shareholders are concerned despite certain short comings, such as the reduction in the net asset value per Share after the transaction and the discounts to the two Comparables as described above, and are in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Shareholders to vote in favour of the resolution to be passed at the EGM to approve the Offer. We advise that Shareholders may accept the Offer as partial realisation of their investments.

However, Accepting Shareholders are reminded to monitor the market price of the Shares closely during the period of the Offer. If during the Offer, it transpires that the market price of the Shares exceeds the Offer Price, and the sales proceeds (net of transaction costs) exceeds the net proceeds receivable under the Offer, the Shareholders should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Offer.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Sean Pey Chang**  
*Executive Director*

*Mr. Chang Sean Pey ("Mr. Chang") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities); Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investment Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance and advisory, and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

Yu Ming will make the Offer to the Shareholders on behalf of the Company to buy back Shares, on the terms and subject to the conditions set out in this Offer Document. The principal terms and conditions of the Offer are set out below.

## **TERMS AND CONDITIONS OF THE OFFER**

### **1. The Offer**

The Company will buy back Shares up to the Maximum Number of Shares at the Offer Price.

### **2. Conditions**

The Offer will be conditional upon the following conditions being fulfilled:

- (a) the passing of an ordinary resolution by the Shareholders approving the Offer at the EGM by way of a poll;
- (b) the approval of any other appropriate regulatory authorities whose consent is required under any applicable laws and regulations in order for the Company to validly make the Offer (if any) where the Company is not aware of any such approvals being required as at the Latest Practicable Date;
- (c) the compliance of the undertakings provided by the Undertaking Shareholders in respect of the Offer; and
- (d) it is expected that the public float of the Company will not be less than 25% upon completion of the Offer based on the information available to the Company immediately before the Offer becoming unconditional.

None of the conditions above is waivable.

### **3. Maximum Number of Shares**

The Maximum Number of Shares which will be bought back by the Company pursuant to the Offer is 88,000,000 Shares, representing approximately 11.50% of the issued share capital of the Company of 765,452,764 Shares as at the Latest Practicable Date.

**4. Acceptance**

- (a) Every Shareholder may accept the Offer for the share buy-back by the Company of any number of his/her Shares at the Offer Price up to his/her entire holding as at the Latest Acceptance Time by submitting to the Registrar a duly completed Acceptance Form, accompanied by the Title Documents. Each Share may only be accepted for buy back by the Company once.
- (b) The Shares specified in an Acceptance Form will be bought back in the following order:
  - (i) firstly, all the Shares on a pro-rata basis up to the Assured Entitlement of an Accepting Shareholder; and
  - (ii) secondly, on condition that there are Surplus Shares, that number of the Excess Tenders as is equal to the proportion which the Excess Tenders specified in the relevant Acceptance Form bears to the aggregate Excess Tenders in all the Acceptance Forms up to the Maximum Number of Shares.
- (c) The Offer Price will be paid in cash.
- (d) Acceptance Forms which have been duly completed and received by the Registrar will be irrevocable after the Offer has been declared unconditional.
- (e) All of the Shares bought back by the Company will be free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought back under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance.
- (f) All bought back Shares will be treated as cancelled in accordance with the memorandum and articles of association of the Company and will not rank for any dividends after the cancellation.
- (g) Subject to the Offer becoming unconditional, the submission of an Acceptance Form by an Accepting Shareholder in the manner described in 4(a) above will be deemed to constitute a warranty from such Accepting Shareholder to Yu Ming and the Company that all Shares sold by such Shareholder under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, if any, after the date of the Announcement.

**5. Assured Entitlement and Excess Number of Shares**

Assuming that all of the Shareholders becoming Accepting Shareholders and on the basis that the Undertaking Shareholders do not accept the Offer, Shareholders are assured of being able, if they so wish, to sell to the Company approximately 33.17% of the Shares they hold as at the Latest Acceptance Time (assuming the number of the Shares in issue as at the Latest Practicable Date remains unchanged until the completion of the Offer). By way of example, a Shareholder holding 2,000 Shares as at the Latest Acceptance Time will be assured of being able to accept the Offer in respect of 663 Shares.

Accepting Shareholders may accept the Offer in excess of their Assured Entitlement and the Company may buy back Excess Tenders if certain Shareholders do not accept the Offer or accept the Offer in respect of Shares fewer than their Assured Entitlement.

If the aggregate Excess Number of Shares falls below the Surplus Shares, all of the Excess Number of Shares will be bought back by the Company.

In the event of the aggregate Excess Number of Shares exceeding the Surplus Shares, each Accepting Shareholder whose Acceptance Form consists of Excess Number of Shares will be entitled to the share buy-back by the Company of that number of the Excess Number of Shares as is equal to the proportion which the Excess Number of Shares specified in his or her Acceptance Forms bears to the aggregate Excess Number of Shares calculated in accordance with the formula below, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{E \times S}{A}$$

E = Excess Number of Shares specified in an Acceptance Form

A = aggregate Excess Number of Shares specified in all of the Acceptance Forms

S = Surplus Shares

The total number of the Shares which will be bought back by the Company will not exceed the Maximum Number of Shares.

**6. Odd Lots Arrangements**

In view of the number of Shares in an Assured Entitlement and the manner of calculation in respect of the Excess Tenders as described above, an Accepting Shareholder may, as a result of the Offer, hold odd lots of the Shares.

For this purpose, Upbest Securities Company Limited, whose address is at 2/F, Wah Kit Commercial Centre, 300 Des Voeux Road Central, Hong Kong (contact person: Mr. Tong Wai Tong; telephone number: 2545 3298) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the completion of the Offer to enable odd lot Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 2,000 Shares.

Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional.

#### **7. Acceptance period and revision**

The latest time and date for acceptance of the Offer will be 4:00 p.m. on the First Closing Date, or if the Offer is extended, any subsequent closing date of the Offer that is extended and announced by the Company in accordance with the Codes. If the Conditions are satisfied, the Offer will be open for acceptance for a further 14 days after the Offer has become unconditional.

The Company will make an announcement as and when the Offer becomes unconditional. The Company reserves the right to revise the terms of the Offer. If the Company revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Offer is extended or revised, the announcement of such extension or revision will state the revised date of closing. If the Offer is revised, the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the revised offer document to the Shareholders. If the closing date of the Offer is extended, any reference in this Offer Document and in the Acceptance Form to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

The Company may introduce new conditions to be attached to the revised Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.

In order to be valid, an Acceptance Form must be duly completed, together with the Title Documents in respect of such number of Shares which represent not less than the number of Shares in respect of which the relevant Shareholders intend to accept under the Offer, delivered to and received by the Registrar by 4:00 p.m. on the First Closing Date, or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes.

If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the First Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the First Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

**8. Irrevocable acceptances**

Acceptance Forms which have been duly completed and received by the Registrar will constitute irrevocable acceptances of the Offer after the Offer has been declared unconditional.

**9. Right to withdraw**

Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance within 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptance. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

If the Company is unable to comply with the requirements set out in the paragraph headed “Announcements” of this appendix below, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Acceptance Form to the relevant Shareholder(s).

**10. General**

- (a) The Shares will be bought back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.
- (b) The Shareholders may accept the Offer by completing the Acceptance Form in accordance with the instructions set out in the Acceptance Form (which constitute part of the terms of the Offer). An Acceptance Form may be rejected as invalid if the procedures contained in this Offer Document and in the Acceptance Form are not complied with.
- (c) The Offer and all acceptances of it, the Acceptance Forms and all contracts made pursuant to the Offer, and all action taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of an Acceptance Form will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- (d) The failure of any person to receive an Offer Document or an Acceptance Form will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Shareholders at the office of the Registrar and the principal place of business of the Company during office hours between the date of despatch of the Offer Document and the Latest Acceptance Time, and on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk), together with the Company’s website at [www.wateroasis.com.hk](http://www.wateroasis.com.hk).

- (e) The Company reserves the right, subject to the Codes, any applicable law or regulatory requirements, to amend the Offer Price. In the event of such amendment (which will not, for the avoidance of doubt, include an alteration of the Maximum Number of Shares), a supplemental document and a new Acceptance Form will be despatched to each of the Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised Offer Document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.
- (f) The right of acceptance of the Offer is personal to the Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Shareholders.
- (g) The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form if it fails to comply with Note 1 to Rule 30.2 of the Takeovers Code.

Under Note 1 Rule 30.2 of the Takeovers Code, acceptance of the Offer will be treated as valid only if the duly completed and signed Acceptance Form is received by the Registrar on or before the Latest Acceptance Time and is:

- (i) accompanied by the relevant Title Documents, if those Title Documents is/are not in the name of the acceptor, such other documents in order to establish the right of the acceptor to become the registered holder of the relevant Shares; or
- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph); or
- (iii) certified by the Registrar or the Stock Exchange.

If the Acceptance Form is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (h) All communications, notices, Acceptance Forms, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, Yu Ming, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.
- (i) Should any Shareholder require any assistance in completing the Acceptance Form or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Shareholders may contact the Registrar at its hotline at 2980 1333 during the period from 4 May 2018 to the closing day of the Offer (both days inclusive) between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays).



**PROCEDURES FOR ACCEPTANCE AND SETTLEMENT****1. General Procedures for Acceptance**

- (a) In order to accept the Offer, Shareholders should complete and return the accompanying Acceptance Form in accordance with the instructions printed in this Offer Document and the instructions printed on the Acceptance Form. The instructions in this Offer Document should be read together with the instructions on the Acceptance Form (which instructions form part of the terms of the Offer).
- (b) In order to be valid, the completed Acceptance Form should be lodged, together with the Title Documents for not less than the number of Shares in respect of which the relevant Shareholder wishes to accept the Offer to the Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Water Oasis Group Limited — 2018 Share Buy-back Offer" as soon as possible after receipt of the Acceptance Form but in any event so as to reach the Registrar by no later than the Latest Acceptance Time, or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes.
- (c) No Acceptance Form received after the Latest Acceptance Time will be accepted.
- (d) If the Acceptance Form is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be lodged to the Registrar with the completed Acceptance Form.
- (e) No acknowledgement of receipt of any Acceptance Form or Title Documents will be given.
- (f) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- (g) In relation to any acceptance of the Offer in respect of Shares held in CCASS in the name of HKSCC Nominees Limited, HKSCC Nominees Limited shall specify in the Acceptance Form (i) the total number of Shares tendered for acceptance of the Offer by CCASS participants under the Assured Entitlements; and (ii) the total number of Shares tendered for acceptance of the Offer by CCASS participants under the Excess Tenders.
- (h) Only one Acceptance Form may be submitted by each Shareholder to the Registrar.

**2. Nominee Holdings**

- (a) If the Title Documents in respect of a Shareholder's Shares are in the name of a nominee company or some name other than his/her own, and such Shareholder wishes to accept the Offer (either in full or in respect of part of his holding(s) of Shares), he/she must either:
  - (i) instruct the nominee company, or other nominee to accept the Offer on his/her behalf and requesting it to deliver the Acceptance Form duly completed together with the Title Documents to the Registrar, within such deadline (which may be earlier than the deadline specified under the Offer) as may be stipulated by the nominee; or
  - (ii) arrange for the Shares to be registered in his/her name by the Company through the Registrar, and send the Acceptance Form duly completed together with the Title Documents to the Registrar; or
  - (iii) where his/her Shares have been maintained with his/her licensed securities dealer/custodian bank through CCASS, instruct his/her licensed securities dealer/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on his/her behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Shareholder should check with his/her broker/custodian bank for the timing on processing of his instruction, and submit such instruction to his broker/custodian bank as required by them; or
  - (iv) if that Shareholder's Shares have been lodged with his/her Investor Participant Account with CCASS, authorize his instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (b) Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

**3. Recent Transfers**

If a Shareholder has lodged transfer(s) of Shares for registration in his/her name and has not yet received the Share certificate(s) and wishes to accept the Offer, he/she should nevertheless complete the Acceptance Form and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her at or before the Latest Acceptance Time. Such action will be deemed to be an authority to the Company or its agent(s) to collect from the Company or the Registrar on his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it/they was/were delivered to the Registrar with the Acceptance Form.

**4. Lost or Unavailable Share Certificates**

- (a) If the Title Document(s) is/are not readily available and/or is/are lost and a Shareholder wishes to accept the Offer, the Acceptance Form should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- (b) If a Shareholder has lost his/her Title Documents, he/she should write to the Registrar and request a letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by him/her in accordance with the instructions given, should be returned, together with the Acceptance Form and any Title Documents which are available, so as to arrive at the Registrar either by post or by hand not later than the Latest Acceptance Time. In such cases, the Shareholder will be informed of the fees payable to the Registrar for which he/she will be responsible.

**5. Additional Acceptance Forms**

If a Shareholder has lost the accompanying Acceptance Form or such original has become unusable, and requires a replacement of such form, he/she should write to the Registrar or visit the Registrar at its office and request additional Acceptance Form for completion by such Shareholder. Alternatively, he/she could download it from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company's website at [www.wateroasis.com.hk](http://www.wateroasis.com.hk).

**6. Settlement**

- (a) Subject to the Offer becoming unconditional and provided that a duly completed Acceptance Form, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may determine and announce in compliance with the Codes) and are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by post of the buy back of his/her Shares, including the number of Shares to be bought back from his/her Excess Tenders, if any. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction pursuant to paragraph 4(e) in the section headed "Terms and Conditions of the Offer" above, within 7 Business Days after the close of the Offer.

- (b) If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where such Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).
- (c) If the Excess Tenders of an Accepting Shareholder has not been bought back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to him/her by ordinary post at his/her risk within 7 Business Days after the close of the Offer.

## **7. New Shareholders**

Any new Shareholder may collect a copy of this Offer Document, together with the form of proxy and a blank Acceptance Form from the Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong during business hours from 4 May 2018 to the closing day of the Offer, both days inclusive. Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 10(i) under the section headed "Terms and Conditions of the Offer" above) and request a copy of this document, the accompanying form of proxy and a blank Acceptance Form (as appropriate) to be sent to his/her registered address as recorded in the Register of Member.

## **EFFECT OF ACCEPTANCE OF THE OFFER BY SHAREHOLDERS**

Each Shareholder by whom, or on whose behalf, an Acceptance Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and Yu Ming (so as to bind him/her, his/her personal representatives, heirs, successors and assigns) to the effect:

### **1. Representations and warranties**

By delivery to the Registrar a duly completed Acceptance Form accompanied with the Title Documents, the Accepting Shareholder represents and warrants to the Company and Yu Ming:

- (a) that he/she has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights attaching thereto) specified in such Acceptance Form for buy back and that the Shares are fully paid, free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date of the Announcement (including the right to all dividends and distributions (if any) declared after the date of the Announcement); and
- (b) that if he/she is a resident in or a citizen of a jurisdiction outside Hong Kong, he/she has fully observed any applicable legal or other requirements and that the Offer may be accepted by him/her lawfully under the laws of the relevant jurisdiction.

**2. Appointment and authority**

That the execution of the Acceptance Form constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or Yu Ming, or such other person as any of them may direct, as such Shareholder's agent ("Agent"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Acceptance Form and/or any other document at the Agent's discretion on behalf of the person accepting the Offer and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company repurchasing some or all of the Shares (as the Company may in its absolute discretion determine) in respect of which such person has accepted (or is deemed to have accepted) the Offer.

**3. Undertakings**

That by executing the Acceptance Form, he/she:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or his/her powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is (or is deemed to be) accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) accepts that the provisions of the Acceptance Form and the other terms and conditions in this document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with his/her acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy back of any Shares in respect of which he/she has accepted or is deemed to have accepted the Offer free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the date when the Offer Period begins and/or to perfect any of the authorities expressed to be given hereunder;
- (e) authorizes the Company or the Agent to procure the despatch by post of the consideration to which he/she is entitled at his/her risk to the first-named holder at his/her registered address in Box 4 of the Acceptance Form; and
- (f) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Acceptance Form.

**TAXATION**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasized that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Yu Ming, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Shareholders.

**ANNOUNCEMENTS**

1. Following the EGM at which the Offer is to be approved by the Shareholders, the Company will announce through the Stock Exchange's website the result of the EGM.
2. By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Company must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Company must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating whether the Offer has been extended or revised, has expired or has become or been declared unconditional (and, in each case, whether as to acceptance or in all respects). The announcement shall (except in the case of lapse of the Offer) specify the total number of Shares (and rights over Shares) that have been accepted for buy back pursuant to the Offer. The announcement will also set out the result of the Offer, including the details of the way in which Accepting Shareholders' pro-rata entitlement was determined.
3. In calculating the number of Shares represented by the acceptances, only valid acceptances that have been received by the Registrar by the Latest Acceptance Time shall be included.

**INTERPRETATION**

1. A reference in this Offer Document to a Shareholder includes a reference to a person who, by reason of an acquisition or transfer of Shares, is entitled to execute an Acceptance Form and in the event of more than one person executing an Acceptance Form, the provisions of this document apply to them jointly and severally.
2. A reference in this Offer Document and the Acceptance Form to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

## 1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the selected financial information of the Group for each of the three years ended 30 September 2015, 2016 and 2017 as extracted from the audited financial statements as set out in the annual reports of the Company.

	For the year ended 30 September		
	2017	2016	2015
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Revenue	644,831	626,823	691,681
Profit before tax	85,721	40,936	68,532
Income tax	(16,397)	(11,936)	(16,043)
Profit (loss) for the year attributable to:			
– owners of the Company	69,331	29,063	50,563
– non-controlling interests	(7)	(63)	1,926
Earnings per share (expressed in HK cents)			
– Basic and diluted	9.1	3.8	6.6
Dividend	61,176	22,919	49,657
Dividend per Share (expressed in HK cents)	8.0	3.0	6.5

There are no exceptional items or extraordinary items because of size, nature or incidence in each of the three financial years ended 30 September 2015, 2016, and 2017.

No qualified opinion has been issued by the Company's auditor, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements for each of the three financial years ended 30 September 2015, 2016, and 2017.

## 2. FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2017

Set out below is the full text of the audited financial statements of the Group for the year ended 30 September 2017 extracted from the annual report of the Company for the year ended 30 September 2017.

### Consolidated Statement of Profit or Loss

		FOR THE YEAR ENDED 30TH SEPTEMBER,	
		2017	2016
	Notes	HK\$'000	HK\$'000
Turnover	6	644,831	626,823
Purchases and changes in inventories of finished goods		(52,416)	(57,088)
Other income		8,685	6,927
Other gains or losses	7	(1,482)	(1,826)
Staff costs	13	(285,844)	(286,367)
Depreciation of property and equipment		(16,396)	(19,815)
Finance costs	8	(455)	(520)
Other expenses		(211,202)	(227,198)
Profit before taxation		85,721	40,936
Taxation	9	(16,397)	(11,936)
Profit for the year	10	69,324	29,000
Profit (loss) for the year attributable to:			
Owners of the Company		69,331	29,063
Non-controlling interests		(7)	(63)
		69,324	29,000
Earnings per share			
Basic and diluted	11	9.1 HK cents	3.8 HK cents



**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>FOR THE YEAR ENDED</b>	
	<b>30TH SEPTEMBER,</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	69,324	29,000
<b>Other comprehensive income (expense):</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	457	(805)
Reclassification adjustment of other comprehensive expense upon strike off of a subsidiary	—	(233)
Total comprehensive income for the year	<u>69,781</u>	<u>27,962</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	69,794	28,019
Non-controlling interests	<u>(13)</u>	<u>(57)</u>
	<u>69,781</u>	<u>27,962</u>

## Consolidated Statement of Financial Position

		AS AT 30TH SEPTEMBER,	
		2017	2016
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Intangible assets	15	59,184	59,144
Goodwill	16	3,012	3,012
Investment properties	17	230,738	229,549
Property and equipment	18	30,216	32,903
Rental deposits	19	27,335	28,727
Deferred tax assets	29	3,531	3,871
		<u>354,016</u>	<u>357,206</u>
<b>Current assets</b>			
Inventories	20	30,060	32,364
Trade receivables	21	28,087	24,011
Prepayments		71,139	61,235
Tax recoverable		–	5
Other deposits and receivables		11,560	13,151
Bank balances and cash	22	402,430	300,544
		<u>543,276</u>	<u>431,310</u>
<b>Current liabilities</b>			
Trade payables	23	7,109	5,124
Accruals and other payables		75,003	70,713
Receipts in advance	24	455,896	380,087
Secured mortgage loan – due within one year	25	3,125	3,058
Tax payable		15,046	12,258
		<u>556,179</u>	<u>471,240</u>
<b>Net current liabilities</b>		<u>(12,903)</u>	<u>(39,930)</u>
<b>Total assets less current liabilities</b>		<u>341,113</u>	<u>317,276</u>

		AS AT 30TH SEPTEMBER,	
		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	26	76,395	76,395
Reserves		228,852	202,562
		<u>          </u>	<u>          </u>
<b>Equity attributable to owners of the Company</b>		305,247	278,957
<b>Non-controlling interests</b>		7,140	7,153
		<u>          </u>	<u>          </u>
<b>Total equity</b>		312,387	286,110
		<u>          </u>	<u>          </u>
<b>Non-current liabilities</b>			
Secured mortgage loan – due after one year	25	16,375	19,500
Deferred tax liabilities	29	12,351	11,666
		<u>          </u>	<u>          </u>
		28,726	31,166
		<u>          </u>	<u>          </u>
		341,113	317,276
		<u>          </u>	<u>          </u>

## 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 <sup>(a)</sup> HK\$'000	Capital redemption reserve HK\$'000	Statutory fund reserve <sup>(b)</sup> HK\$'000	Share options reserve HK\$'000	Other reserve <sup>(c)</sup> HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st October, 2015	76,395	38,879	23,836	(1,766)	450	1,797	–	(589)	138,581	277,583	7,210	284,793
Profit (loss) for the year	–	–	–	–	–	–	–	–	29,063	29,063	(63)	29,000
Exchange differences arising on translation of foreign operations	–	–	(811)	–	–	–	–	–	–	(811)	6	(805)
Reclassification adjustment of other comprehensive expense upon strike off of a subsidiary	–	–	(233)	–	–	–	–	–	–	(233)	–	(233)
Total comprehensive income (expense) for the year	–	–	(1,044)	–	–	–	–	–	29,063	28,019	(57)	27,962
2015 final dividend paid	–	–	–	–	–	–	–	–	(19,099)	(19,099)	–	(19,099)
2016 interim dividend paid	–	–	–	–	–	–	–	–	(7,640)	(7,640)	–	(7,640)
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	–	94	–	–	94	–	94
	–	–	–	–	–	–	94	–	(26,739)	(26,645)	–	(26,645)
At 30th September, 2016	76,395	38,879	22,792	(1,766)	450	1,797	94	(589)	140,905	278,957	7,153	286,110
Profit (loss) for the year	–	–	–	–	–	–	–	–	69,331	69,331	(7)	69,324
Exchange differences arising on translation of foreign operations	–	–	463	–	–	–	–	–	–	463	(6)	457
Total comprehensive income (expense) for the year	–	–	463	–	–	–	–	–	69,331	69,794	(13)	69,781
2016 final dividend paid	–	–	–	–	–	–	–	–	(15,279)	(15,279)	–	(15,279)
2017 interim dividend paid	–	–	–	–	–	–	–	–	(30,558)	(30,558)	–	(30,558)
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	–	2,427	–	–	2,427	–	2,427
Reversal of equity-settled share-based payment expenses upon lapse of share options	–	–	–	–	–	–	(94)	–	–	(94)	–	(94)
	–	–	–	–	–	–	2,333	–	(45,837)	(43,504)	–	(43,504)
At 30th September, 2017	76,395	38,879	23,255	(1,766)	450	1,797	2,427	(589)	164,399	305,247	7,140	312,387

- (a) The capital reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation on 23rd January, 2002 and the nominal value of the Company's shares issued in exchange thereof.
- (b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), certain subsidiaries of the Company in the PRC are required to maintain a statutory fund reserve which is non-distributable. Transfer to this reserve fund are made out of profit after taxation of the subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in PRC.
- (c) During the year ended 30th September, 2015, the Group acquired an additional 25% equity interests of a non-wholly owned subsidiary 上海奧薇化妝品商貿有限公司 ("奧薇"). 奧薇 became a wholly-owned subsidiary of the Group after this acquisition. The difference between the consideration paid and the carrying value of the interest acquired amounting to HK\$589,000 was charged to other reserve.

## Consolidated Statement of Cash Flows

	<b>FOR THE YEAR ENDED</b>	
	<b>30TH SEPTEMBER,</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit before taxation	85,721	40,936
Adjustments for:		
Allowance for doubtful debts of other receivables	1,669	–
Amortisation of intangible assets	115	205
Depreciation of property and equipment	16,396	19,815
(Gain) loss on fair value change of investment properties	(1,189)	1,325
Interest expenses on secured mortgage loan	455	520
Interest income on bank deposits	(2,498)	(1,264)
Interest income on overdue rental income	(409)	–
Net loss on disposal/write-off of property and equipment	1,359	730
Equity-settled share-based payment expenses	2,427	94
Reversal of equity-settled share-based payment expenses upon lapse of share options	(94)	–
Gain on strike off of a subsidiary	–	(233)
Write-off of inventories	–	951
Operating cash flows before movements in working capital	103,952	63,079
Decrease (increase) in inventories	2,315	(245)
(Increase) decrease in trade receivables	(4,076)	3,174
Increase in rental deposits, prepayments, other deposits and receivables	(7,942)	(7,513)
Increase in trade payables	1,985	2,957
Increase (decrease) in accruals and other payables	4,275	(8,110)
Increase in receipts in advance	75,508	52,882
Cash generated from operations	176,017	106,224
Hong Kong Profits Tax paid	(10,706)	(19,208)
Hong Kong Profits Tax refunded	222	1,053
The PRC Enterprise Income Tax paid	(2,317)	(1,543)
The PRC Enterprise Income Tax refunded	193	–
Net cash from operating activities	163,409	86,526

	<b>FOR THE YEAR ENDED</b>	
	<b>30TH SEPTEMBER,</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investing activities		
Purchase of property and equipment	(15,194)	(15,575)
Additions in intangible assets	(149)	(223)
Interest received on bank deposits	2,367	1,136
Proceeds on disposal of property and equipment	135	185
	<u>          </u>	<u>          </u>
Net cash used in investing activities	(12,841)	(14,477)
	<u>          </u>	<u>          </u>
Financing activities		
Dividends paid	(45,837)	(26,739)
Repayment of secured mortgage loan	(3,058)	(2,993)
Interest paid on secured mortgage loan	(455)	(520)
	<u>          </u>	<u>          </u>
Net cash used in financing activities	(49,350)	(30,252)
	<u>          </u>	<u>          </u>
Net increase in cash and cash equivalents	101,218	41,797
Cash and cash equivalents at beginning of the year	300,544	260,030
Effect of foreign exchange rate changes	668	(1,283)
	<u>          </u>	<u>          </u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	402,430	300,544
	<u>          </u>	<u>          </u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the distribution of skincare products in Hong Kong, Macau and the People’s Republic of China (“PRC”) and operation of beauty salons, spa and medical beauty centres in Hong Kong and the PRC during the year.

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis as at 30th September, 2017, as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

**Amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

**Amendments to HKAS 1 “Disclosure Initiative”**

The Group has applied the amendments to HKAS 1 “Disclosure Initiative” for the first time in the current year. As regards the structure of the consolidated financial statements, the amendments to HKAS 1 provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The information on capital risk management and financial instruments have been reordered in notes 32 and 33 to give prominence to the areas of the Group’s activities that management considers to be most relevant to an understanding of the Group’s financial performance and financial position. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

The application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current/prior years and/or on the disclosures set out in these consolidated financial statements.

#### **New and amendments to HKFRSs and interpretations issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued by the HKICPA but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2017.

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2017 or 1st January, 2018, as appropriate.

#### ***HKFRS 15 “Revenue from Contracts with Customers”***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company will assess the impact of application of HKFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs an assessment.



***HKFRS 16 “Leases”***

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in note 31(b), total operating lease commitments of the Group with terms more than 12 months as at 30th September, 2017 amounting to approximately HK\$59,566,000. It is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group will need to perform a more detailed assessment in order to assess to what extent the operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

**Amendments to HKAS 7 “Disclosure Initiative”**

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1st October, 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Other than the above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and interpretations will have no material impact on the results and the financial position of the Company.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The principal accounting policies are set out below.

##### **Basis of Consolidation**

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

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

***Change in the Group's ownership interest in an existing subsidiary***

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

***Allocation of total comprehensive income to non-controlling interests***

Profit or loss and each item of other comprehensive (expense) income are attributed to the owners of the Company and to the non-controlling interests when necessary. Total comprehensive income and expenses of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Goodwill**

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

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

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

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

**Foreign Currencies**

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

**Investment Properties**

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

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

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

**Property and Equipment**

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

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

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

**Intangible Assets*****Intangible assets acquired separately***

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

***Intangible assets acquired in a business combination***

Trademarks acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

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

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

**Impairment on Tangible and Intangible Assets other than Goodwill**

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

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

**Financial Instruments**

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

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

***Financial assets***

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

***Effective interest method***

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

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

***Loans and receivables***

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

***Impairment of financial assets***

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

Objective evidence of impairment could include:

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

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

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

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

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

***Financial liabilities and equity instruments***

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

***Equity Instruments***

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

***Effective interest method***

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

Interest expense is recognised on an effective interest basis.

***Financial liabilities***

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

***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted-average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Taxation**

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.



**Employee Benefits*****Employee leave entitlements***

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

***Pension obligations***

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

***Equity-settled share-based payment transactions******Share options granted to employees***

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

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

**Provisions**

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

**Revenue Recognition**

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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

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

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Leasing**

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

##### ***The Group as Lessor***

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

##### ***The Group as Lessee***

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

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

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

*Impairment assessment of trademark and goodwill*

In deciding whether trademark (being the intangible asset with indefinite useful life) and goodwill were impaired or not requires the determination of the recoverable amount which requires estimation of the value in use of the cash generating unit (“CGU”) on the trademark and goodwill that had been allocated. It requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The use of key assumptions include the discount rate, budgeted sales and gross margin taking into account the CGU’s past performance, management’s expectation for the market developments and the future 5 years’ financial forecast approved by the management. Where the actual future cash flows are less than expected, or change in cost and circumstances which results in downward revision of future cash a material impairment loss may arise. Based on the assessment made by the management of the Company, no impairment was identified as at 30th September, 2017 and 2016.

*Valuation of investment properties*

Investment properties were carried at its fair value in the consolidated statement of financial position as at 30th September, 2017 and 2016. Details of which are disclosed in note 17. The fair value of the investment properties were determined by reference to valuations conducted on these properties by an independent valuer using property valuation methodology which involve certain assumptions. In determining the fair values, the independent valuer considered key inputs including market rentals and market yield taking into account the lettable units and type of the properties under income approach.

Favorable or unfavorable changes to these assumptions may result in changes in the fair values of the Group’s investment properties and corresponding adjustments to the gain or loss on fair value change of investment properties reported in the consolidated statement of profit or loss and the carrying amount of the investment properties included in the consolidated statement of financial position.

**6. 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 is focused on operation mode. The Group’s operating segments based on the said information for the purposes of resources allocation and performance assessment, under HKFRS 8 are therefore as follows:

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

Turnover recognised during the year are as follows:

	2017 HK\$’000	2016 HK\$’000
Turnover		
Retail segment	140,527	154,161
Services segment	504,304	472,662
	644,831	626,823
	644,831	626,823

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

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

	Retail segment		Services segment		Elimination		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	140,527	154,161	504,304	472,662	–	–	644,831	626,823
Inter-segment sales	<u>20,284</u>	<u>24,884</u>	<u>–</u>	<u>–</u>	<u>(20,284)</u>	<u>(24,884)</u>	<u>–</u>	<u>–</u>
Total	<u>160,811</u>	<u>179,045</u>	<u>504,304</u>	<u>472,662</u>	<u>(20,284)</u>	<u>(24,884)</u>	<u>644,831</u>	<u>626,823</u>
Segment results	<u>36,187</u>	<u>31,607</u>	<u>114,616</u>	<u>75,894</u>	<u>–</u>	<u>–</u>	<u>150,803</u>	<u>107,501</u>
Other income							8,685	6,927
Other gains or losses							(1,482)	(1,826)
Finance costs							(455)	(520)
Central administrative costs							<u>(71,830)</u>	<u>(71,146)</u>
Profit before taxation							<u>85,721</u>	<u>40,936</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of other income, other gains or losses, finance costs and central administrative costs (including directors' emoluments). This is the measure reported to the Company's executive directors for the purposes of the resources allocation and performance assessment.

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

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

	Retail segment		Services segment		Consolidation	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>OTHER SEGMENT INFORMATION</b>						
Depreciation of property and equipment	<u>3,321</u>	<u>4,278</u>	<u>13,075</u>	<u>15,537</u>	<u>16,396</u>	<u>19,815</u>
Amortisation of intangible assets	<u>115</u>	<u>205</u>	<u>–</u>	<u>–</u>	<u>115</u>	<u>205</u>
Write-off of inventories	<u>–</u>	<u>951</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>951</u>

**Geographical information**

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

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

	<b>Turnover</b>		<b>Non-current assets</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong and Macau	621,060	605,671	286,842	289,878
The PRC	23,771	21,152	1,735	1,549
	<u>644,831</u>	<u>626,823</u>	<u>288,577</u>	<u>291,427</u>

**Information about major customers**

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

**7. OTHER GAINS OR LOSSES**

	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain (loss) on fair value change of investment properties	1,189	(1,325)
Net loss on disposal/write-off of property and equipment	(1,359)	(730)
Net exchange gain (loss)	357	(4)
Allowance for doubtful debts of other receivables ( <i>note</i> )	(1,669)	–
Gain on strike off of a subsidiary	–	233
	<u>(1,482)</u>	<u>(1,826)</u>

*note:* For the year ended 30th September, 2017, the Group recognised an impairment loss in respect of rental receivables (included in other receivables) of approximately HK\$1,669,000 (2016: nil) as a result of the lessee's unpaid rental payments.

**8. FINANCE COSTS**

	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on secured mortgage loan	<u>455</u>	<u>520</u>

## 9. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	13,818	8,901
The PRC Enterprise Income Tax ("EIT")	1,917	2,118
(Over) under provision in prior years	(337)	775
	15,398	11,794
Deferred taxation ( <i>note 29</i> )	999	142
	16,397	11,936

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year after setting off available tax losses brought forward from prior years.

The PRC EIT was calculated at the statutory income tax rate of 25% (2016: 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 as set out in note 29.

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

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before taxation	85,721	40,936
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	14,144	6,754
Effect of different tax rates applied in other jurisdictions	779	662
Tax effect of income not taxable for tax purpose	(606)	(205)
Tax effect of expenses not deductible for tax purpose	2,259	2,197
Utilisation of tax losses previously not recognised	(1,931)	(1,610)
Tax effect of tax losses not recognised	768	2,972
(Over) under provision in prior years	(337)	775
Tax effect of withholding tax arising from undistributed profits of subsidiaries	557	382
Others	764	9
Taxation for the year	16,397	11,936

**10. PROFIT FOR THE YEAR**

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Profit for the year is stated at after charging:		
Auditor's remuneration	1,230	1,193
Amortisation of intangible assets	115	205
Write-off of inventories	–	951
Operating lease rentals in respect of land and buildings		
– minimum lease payments	104,990	111,623
– contingent rents	2,330	3,867
and after crediting:		
Interest income on bank deposits	2,498	1,264
Interest income on overdue rental income	409	–
Rental income from investment properties net of negligible direct operating expenses	5,296	5,296
	<u>          </u>	<u>          </u>

**11. 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:

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	69,331	29,063
	<u>          </u>	<u>          </u>
	<b>Number of shares</b>	
	<b>2017</b>	<b>2016</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	763,952,764	763,952,764
Effect of dilutive potential ordinary shares		
– share options of the Company	345,050	–
	<u>          </u>	<u>          </u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	764,297,814	763,952,764
	<u>          </u>	<u>          </u>

For the year ended 30th September, 2016, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since the exercise price of these options was higher than the average market price of shares from the date of grant of share options to the end of the reporting period and hence the share options were not dilutive.

## 12. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Interim dividend declared and paid of 4.0 HK cents (2016: 1.0 HK cent) per share	30,558	7,640
Final dividend proposed after the end of the reporting period of 4.0 HK cents (2016: 2.0 HK cents) per share	30,618	15,279
	<u>61,176</u>	<u>22,919</u>

The 2017 final dividend of 4.0 HK cents (2016: 2.0 HK cents) per share, amounting to approximately HK\$30,618,000 (2016: HK\$15,279,000), 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, 2017 were approximately HK\$45,837,000 (2016: HK\$26,739,000).

## 13. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2017 HK\$'000	2016 HK\$'000
Wages, salaries, bonuses and allowances	273,457	275,983
Pension costs – defined contribution plans	10,054	10,290
Equity-settled share-based payment expenses	2,333	94
	<u>285,844</u>	<u>286,367</u>

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

## (a) Directors' and Chief Executive's Emoluments

Name of directors and Chief Executive	Fees HK\$'000	Basic salaries HK\$'000	Bonuses HK\$'000	Retirement benefit costs HK\$'000	Equity- settled share-based payment expenses HK\$'000	2017 Total emoluments HK\$'000	2016 Total emoluments HK\$'000
Yu Kam Shui, Erastus <sup>(4)(6)</sup>	–	897	580	–	–	1,477	2,017
Tam Chie Sang	–	897	580	18	–	1,495	1,836
Yu Lai Chu, Eileen	–	897	580	12	–	1,489	2,035
Lai Yin Ping	–	897	580	18	–	1,495	1,836
Wong Lung Tak, Patrick <sup>(1)(2)(3)(4)(5)(6)</sup>	200	–	–	–	–	200	200
Wong Chun Nam, Duffy <sup>(1)(2)(3)(4)(5)(6)</sup>	200	–	–	–	–	200	200
Wong Chi Keung <sup>(1)(2)(3)(4)(5)(6)</sup>	200	–	–	–	–	200	200
Tam Siu Kei, Alan <sup>(7)</sup>	–	1,873	–	11	–	1,884	–
Wong Man Lai, Stevie <sup>(8)</sup>	–	2,557	–	9	(94)	2,472	7,826
	<u>600</u>	<u>8,018</u>	<u>2,320</u>	<u>68</u>	<u>(94)</u>	<u>10,912</u>	
Total for the year 2017	600	8,018	2,320	68	(94)	10,912	
	<u>600</u>	<u>8,581</u>	<u>6,803</u>	<u>72</u>	<u>94</u>		16,150
Total for the year 2016	600	8,581	6,803	72	94		16,150



- (1) Independent non-executive directors
- (2) Members of the Company's Audit Committee
- (3) Members of the Company's Remuneration Committee
- (4) Members of the Company's Investment Advisory Committee
- (5) Members of the Company's Nomination Committee
- (6) Members of the Company's Disclosure Committee
- (7) Appointed as the Chief Executive Officer with effect from 15th March, 2017
- (8) Resigned as the Chief Executive Officer with effect from 15th March, 2017

Details of the Company's share option scheme are disclosed in note 27.

**(b) Five Highest Paid Individuals**

Of the five individuals with the highest emoluments in the Group, none (2016: none) was a director of the Company. Emoluments payable to the five (2016: five) individuals during the year were as follows:

	2017 HK\$'000	2016 HK\$'000
Basic salaries and other allowances	17,550	19,492
Bonuses	2,250	3,587
Equity-settled share-based payment expenses	1,618	94
Retirement benefit costs	90	90
	<u>21,508</u>	<u>23,263</u>

Their emoluments fell within the following bands:

	Number of individuals 2017	2016
Emolument bands		
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	1	2
HK\$4,000,001 – HK\$4,500,000	1	1
HK\$4,500,001 or above	2	1
	<u>5</u>	<u>5</u>

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

## 15. INTANGIBLE ASSETS

	Licence fees <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>			
At 1st October, 2015	1,036	58,896	59,932
Additions	223	–	223
Exchange realignment	(4)	–	(4)
At 30th September, 2016	1,255	58,896	60,151
Additions	149	–	149
Write-off	(1,036)	–	(1,036)
Exchange realignment	8	–	8
At 30th September, 2017	376	58,896	59,272
<b>ACCUMULATED AMORTISATION</b>			
At 1st October, 2015	802	–	802
Charged for the year	205	–	205
At 30th September, 2016	1,007	–	1,007
Charged for the year	115	–	115
Eliminated on write-off	(1,036)	–	(1,036)
Exchange realignment	2	–	2
At 30th September, 2017	88	–	88
<b>CARRYING VALUE</b>			
At 30th September, 2017	288	58,896	59,184
At 30th September, 2016	248	58,896	59,144

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

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

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

The recoverable amount of the trademarks, which are related to a specific product and service line, has been assessed together with the goodwill acquired on the same business combination, as set out in note 16. In the opinion of the management, the trademarks have no impairment for both years.

## 16. GOODWILL

HK\$'000

**COST AND CARRYING VALUE**

At 1st October, 2015, 30th September, 2016 and 30th September, 2017

3,012

The goodwill of HK\$3,012,000 is attributable to the CGU of a brand of product and service line acquired during the year ended 30th September, 2010.

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

The CGU includes the trademarks as set out in note 15 which were acquired in the same business combination during the year ended 30th September, 2010. As at 30th September, 2017 and 2016, the recoverable amount of the CGU was determined based on a value in use calculation. That calculation uses discounted cash flows projections based on the future 5 years' financial forecast approved by the management and a discount rate of 16% (2016: 16%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows or outflows which include budgeted sales and gross margin. Such estimation is based on the CGU's past performance and management's expectations for the market developments. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU, which includes goodwill and trademarks, to fall below its carrying amount.

For the year ended 30th September, 2017 and 2016, the management of the Group has determined that there are no impairment required to be recognised for its CGU containing goodwill or trademarks with indefinite useful lives.

## 17. INVESTMENT PROPERTIES

	2017 HK\$'000	2016 HK\$'000
<b>FAIR VALUE</b>		
At the beginning of the year	229,549	230,874
Increase (decrease) in fair value recognised in the consolidated statement of profit or loss	1,189	(1,325)
At the end of the year	230,738	229,549

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

	2017 HK\$'000	2016 HK\$'000
In Hong Kong	230,738	229,549

The fair value of the Group's investment properties at G/F, 1-5/F, 18 Cochrane Street, Central, Hong Kong as at 30th September, 2017 and 2016 has been arrived at on the basis of a valuation carried out on that date by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer not connected with the Group.

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

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

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

Following are the key inputs used in valuing the investment properties as at 30th September, 2017 and 2016:

Category	Fair value hierarchy	Fair value at		Valuation methodology	Key unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
		2017 HK\$'000	2016 HK\$'000			2017	2016	
Commercial properties	Level 3	230,738	229,549	Income approach	Monthly market rental per square foot	HK\$74 to HK\$370	HK\$76 to HK\$379	The higher the market rental, the higher the fair value
					Market yield	2.5% to 3.5%	3.5% to 4.0%	The lower the market yield, the higher the fair value

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

#### 18. PROPERTY AND EQUIPMENT

	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Machinery and equipment HK\$'000	Office equipment, furniture and fixtures HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1st October, 2015	104,751	3,856	8,790	63,627	9,446	190,470
Additions	9,053	4	515	5,850	153	15,575
Disposals	–	(500)	–	(558)	–	(1,058)
Write-off	(13,388)	–	–	(1,000)	(90)	(14,478)
Exchange realignment	(235)	–	(26)	(148)	(6)	(415)
At 30th September, 2016	100,181	3,360	9,279	67,771	9,503	190,094
Additions	5,386	599	159	8,931	119	15,194
Disposals	–	(649)	–	(518)	–	(1,167)
Write-off	(4,090)	–	(490)	(1,629)	(191)	(6,400)
Exchange realignment	76	–	(4)	53	3	128
At 30th September, 2017	101,553	3,310	8,944	74,608	9,434	197,849

	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Machinery and equipment <i>HK\$'000</i>	Office equipment, furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Accumulated depreciation</b>						
At 1st October, 2015	86,198	2,120	7,489	47,957	8,632	152,396
Provided for the year	12,051	797	1,084	5,496	387	19,815
Eliminated on disposals	–	(500)	–	(532)	–	(1,032)
Eliminated on write-off	(13,382)	–	–	(120)	(87)	(13,589)
Exchange realignment	(231)	–	(25)	(137)	(6)	(399)
At 30th September, 2016	84,636	2,417	8,548	52,664	8,926	157,191
Provided for the year	9,021	798	390	5,884	303	16,396
Eliminated on disposals	–	(569)	–	(518)	–	(1,087)
Eliminated on write-off	(4,090)	–	(490)	(218)	(188)	(4,986)
Exchange realignment	76	–	(4)	46	1	119
At 30th September, 2017	89,643	2,646	8,444	57,858	9,042	167,633
<b>Carrying value</b>						
At 30th September, 2017	11,910	664	500	16,750	392	30,216
At 30th September, 2016	15,545	943	731	15,107	577	32,903

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

Leasehold improvements	Over the unexpired periods of the leases
Motor vehicles	20% to 33½%
Computer equipment	33½%
Machinery and equipment	20%
Office equipment, furniture and fixtures	20%

## 19. RENTAL DEPOSITS

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

## 20. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Finished goods – merchandises	30,060	32,364

**21. TRADE RECEIVABLES**

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Trade receivables	28,676	24,600
Less: allowances for bad and doubtful debts	<u>(589)</u>	<u>(589)</u>
Total trade receivables	<u><u>28,087</u></u>	<u><u>24,011</u></u>

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
0 to 30 days	28,026	23,940
61 days to 90 days	2	–
91 days to 120 days	–	11
Over 120 days	<u>59</u>	<u>60</u>
	<u><u>28,087</u></u>	<u><u>24,011</u></u>

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK\$59,000 (2016: HK\$60,000) which were aged over 120 days and past due but not required impairment at the end of the reporting period. The Group does not hold any collateral over these balances.

Movement in the allowance for trade receivables:

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Balance at beginning and end of the year	<u><u>589</u></u>	<u><u>589</u></u>

**22. BANK BALANCES AND CASH**

Bank balances are mainly denominated in the functional currencies of respective group entities, which carry interest at 0.8% (2016: 0.6%) per annum.

**23. TRADE PAYABLES**

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
0 to 30 days	<u><u>7,109</u></u>	<u><u>5,124</u></u>

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.

**24. RECEIPTS IN ADVANCE**

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

**25. SECURED MORTGAGE LOAN**

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Analysed for reporting purpose as:		
Current liabilities	3,125	3,058
Non-current liabilities	16,375	19,500
	<u>19,500</u>	<u>22,558</u>

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Within 1 year	3,125	3,058
1 year to less than 2 years	3,191	3,125
2 years to less than 3 years	3,261	3,191
3 years to less than 4 years	3,332	3,261
4 years to less than 5 years	3,405	3,332
5 years or more	3,186	6,591
	<u>19,500</u>	<u>22,558</u>
Less: Amount due within one year shown under current liabilities	<u>(3,125)</u>	<u>(3,058)</u>
Amount shown under non-current liabilities	<u>16,375</u>	<u>19,500</u>

The mortgage loan, which is denominated in Hong Kong dollars, is secured by the Group's investment properties with a carrying value of HK\$230,738,000 as at 30th September, 2017 (2016: HK\$229,549,000). It bears interest at 2.85% (2016: 2.85%) below the bank's Hong Kong Dollar Best Lending Rate per annum. The effective interest rate is approximately 2.15% (2016: 2.15%) per annum.

**26. SHARE CAPITAL**

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Authorised:		
2,000,000,000 (2016: 2,000,000,000) ordinary shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
763,952,764 (2016: 763,952,764) ordinary shares of HK\$0.1 each	<u>76,395</u>	<u>76,395</u>

**27. 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 quotations 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 quotations 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 30th September, 2017, a total of 15,000,000 shares (representing approximately 1.96% 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 5,000,000 shares options granted on 12th April, 2016 were lapsed during the year. As at the date of this report, there were total of 56,395,276 shares 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

	Number of Share Options						Closing Price of Shares					
	As at 1st October, 2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 30th September, 2017	Date of grant	Vesting period	Exercise period	Exercise price	Before date of grant	Before date of exercise
Eligible participants												
Directors/Chief Executive												
Wong Man Lai, Stevie*	1,500,000	-	-	-	1,500,000	-	12th April, 2016	12th April, 2016 to 1st October, 2017	2nd October, 2017 to 1st October, 2018	HK\$0.495	HK\$0.495	-
	1,500,000	-	-	-	1,500,000	-	12th April, 2016	12th April, 2016 to 1st October, 2018	2nd October, 2018 to 1st October, 2019	HK\$0.495	HK\$0.495	-
	2,000,000	-	-	-	2,000,000	-	12th April, 2016	12th April, 2016 to 1st October, 2019	2nd October, 2019 to 1st October, 2020	HK\$0.495	HK\$0.495	-
Employees	-	15,000,000	-	-	-	15,000,000	10th August, 2017	10th August, 2017 to 31st August, 2017	1st September, 2017 to 31st August, 2019	HK\$0.986	HK\$0.96	-
Total	5,000,000	15,000,000	-	-	5,000,000	15,000,000						

\* Ms. Wong Man Lai, Stevie resigned as the Chief Executive Officer of the Company with effect from 15th March, 2017.

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

	2017		2016	
	Number of share options	Weighted average exercise prices	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	5,000,000	HK\$0.495	-	-
Granted during the year	15,000,000	HK\$0.986	5,000,000	HK\$0.495
Exercised during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Lapsed during the year	5,000,000	HK\$0.495	-	-
Outstanding at the end of the year	15,000,000	HK\$0.986	5,000,000	HK\$0.495
Exercisable at the end of the year	15,000,000	HK\$0.986	-	-

**(III) Valuation of Share Options**

The fair value of each share option granted was estimated on the date of offer, determined by KMA Consulting Limited, using the Binomial Option Pricing Model with the following assumptions:

Date of grant	: 10th August, 2017
Share price at date of grant	: HK\$0.95
Exercise price	: HK\$0.986
Risk-free interest rate	: 0.82%
Expected dividend yield	: 6.84%
Expected volatility	: 43.00%
Expected life (years)	: 2.058

Based on the above assumptions, the estimated fair value of each share option was HK\$0.1618. The Binomial Option Pricing Model requires input of various parameters. Any changes in the parameters may materially affect the estimation of the fair value of a share option.

Expected volatility was determined by using the historical volatility of the Company over the most recent period commensurate with the expected life of the share options.

The Group recognised the net expense of approximately HK\$2,333,000 for the year ended 30th September, 2017 (2016: HK\$94,000) in relation to share option granted by the Company.

During the year ended 30th September, 2017, equity-settled share-based payment expenses of HK\$94,000 (2016: nil) previously recognised in profit or loss were reversed in the consolidated statement of profit or loss under the Share Option Scheme with reference to the share options lapsed prior to their vesting dates.

**28. PENSION OBLIGATIONS****Defined Contribution Plans**

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

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

**29. DEFERRED TAXATION**

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

	Decelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>	Undistributed profits of PRC subsidiaries <i>HK\$'000</i>	Receipts in advance <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st October, 2015	2,201	769	(9,718)	(931)	–	(7,679)
Exchange realignment	–	(6)	–	53	(21)	26
(Charged) credited to the consolidated statement of profit or loss	(58)	(763)	–	(382)	1,061	(142)
At 30th September, 2016	2,143	–	(9,718)	(1,260)	1,040	(7,795)
Exchange realignment	–	–	–	(39)	13	(26)
Charged to the consolidated statement of profit or loss	(270)	–	–	(557)	(172)	(999)
At 30th September, 2017	1,873	–	(9,718)	(1,856)	881	(8,820)

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Deferred tax assets	3,531	3,871
Deferred tax liabilities	(12,351)	(11,666)
	(8,820)	(7,795)

At the end of the reporting period, the Group had unused tax losses of approximately HK\$133,549,000 (2016: HK\$139,191,000) available for offset against future profits. No deferred tax asset had been recognised due to the unpredictability of future profit streams for both years ended 30th September, 2017 and 2016.

At the end of the reporting period, tax losses of approximately HK\$92,259,000 (2016: HK\$97,806,000) from overseas subsidiaries will be expired starting from 2018 up to the end of 2022 (2016: starting from 2017 up to the end of 2021). Other unused tax losses may be carried forward indefinitely.

**30. PLEDGE OF ASSETS**

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Investment properties	230,738	229,549

**31. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS****(a) Capital Commitments**

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the consolidated financial statements	3,330	846

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

At the end of the reporting period, the Group had total future aggregate minimum lease receipts and payments under non-cancellable operating leases in respect of investment properties and rented premises as follows:

<b>As lessors</b>	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
<b>Rental receipts</b>		
Not later than 1 year	5,009	5,376
More than 1 year but not later than 5 years	1,868	6,878
	6,877	12,254

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

<b>As lessors</b>	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
<b>Rental payments</b>		
Not later than 1 year	93,793	97,568
More than 1 year but not later than 5 years	59,566	82,925
	153,359	180,493

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

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

**32. CAPITAL RISK MANAGEMENT**

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

The capital structure of the Group consists of debt as disclosed in note 25 and equity attributable to owners of the Company, comprising share capital, share premium, reserves and retained profits as disclosed in the consolidated financial statements.

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

**33. FINANCIAL INSTRUMENTS****(a) Categories of Financial Instruments**

	2017 HK\$'000	2016 HK\$'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	432,230	325,746
<b>Financial liabilities</b>		
Amortised cost	32,630	35,144

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

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

**(i) Credit Risk**

As at 30th September, 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The Group's concentration of customer credit risk by geographical locations is mainly in Hong Kong and the PRC which accounted for 99% (2016: 99%) of the total trade receivables as at 30th September, 2017.

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

**(ii) Market Risks****Currency Risk**

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

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
<b>Assets</b>		
United States Dollar ("US\$")	41,743	14,052
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
US\$	5,337	2,066
	<u>          </u>	<u>          </u>

No sensitivity analysis is performed since HK\$ is pegged to US\$, relevant foreign currency risk is minimal.

**Interest Rate Risk**

The Group's exposure to changes in interest rates is mainly attributable to its bank balances and secured mortgage loan. Bank balances and secured mortgage loan at variable rates expose the Group to cash flow interest rate risk. Details of the Group's bank balances and secured mortgage loan are disclosed in notes 22 and 25, respectively.

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

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the bank's Hong Kong Dollar Best Lending Rate as set out in the note 25.

**Sensitivity analysis**

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

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Financial assets	16,250	26,886
	<u>          </u>	<u>          </u>
Financial liabilities	19,500	22,558
	<u>          </u>	<u>          </u>

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

On the basis of the above analysis and assuming the amount of financial liabilities outstanding at the end of the reporting period were outstanding for the whole year, the Group's post-tax profit for the year ended 30th September, 2017 would decrease by HK\$81,000 (2016: HK\$94,000) if interest rates had been 50 basis points higher and all other variables were held constant and vice versa. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(iii) **Liquidity Risk**

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

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. As at 30th September, 2016 and 30th September, 2017, the maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate	On demand or less than 1 month	1 month to less than 3 months	3 months to less than 1 year	1 year to less than 5 years	5 years or more	Total undiscounted cash flows	Carrying amounts as at 30th September, 2017
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2017</b>								
Trade payables	-	4,505	2,604	-	-	-	7,109	7,109
Other payables	-	6,014	7	-	-	-	6,021	6,021
Secured mortgage loan	2.15	293	585	2,635	14,052	3,220	20,785	19,500
		10,812	3,196	2,635	14,052	3,220	33,915	32,630
<b>2016</b>								
Trade payables	-	4,622	502	-	-	-	5,124	5,124
Other payables	-	7,462	-	-	-	-	7,462	7,462
Secured mortgage loan	2.15	293	585	2,635	14,052	6,733	24,298	22,558
		12,377	1,087	2,635	14,052	6,733	36,884	35,144

## (c) Fair Value

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

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

## 34. PARTICULARS OF SUBSIDIARIES

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

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
<b>DIRECTLY HELD:</b>				
Water Oasis Group (BVI) Limited	British Virgin Islands 16th December, 1999	Ordinary shares US\$30,000	100%	Investment holding in Hong Kong
<b>INDIRECTLY HELD:</b>				
Water Oasis Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US\$1	100%	Investment holding in Hong Kong
Oasis Spa Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US\$1	100%	Investment holding in Hong Kong
Oasis-Beauty.com Holdings Limited	British Virgin Islands 16th December, 1999	Ordinary share US\$1	100%	Investment holding in Hong Kong
Water Oasis China (BVI) Limited	British Virgin Islands 12th October, 2000	Ordinary share US\$1	100%	Investment holding in Hong Kong
OBS Company Limited	Hong Kong 26th July, 2000	Ordinary shares HK\$2	100%	Inactive
Water Oasis Company Limited	Hong Kong 6th May, 1998	Non-voting deferred shares HK\$1,000,000 Ordinary shares HK\$10,000	100%	Retail sales of skincare products in Hong Kong
Oasis Spa Company Limited	Hong Kong 24th December, 1999	Ordinary shares HK\$1,000,000	100%	Operation of spa and provision of beauty services in Hong Kong
Oasis Techno-Beauty Company Limited	Hong Kong 24th December, 1999	Ordinary shares HK\$10,000	100%	Online sales of skincare products and provision of other service in Hong Kong
Water Oasis (China) Holdings Limited	Samoa 5th April, 2000	Ordinary shares US\$101	90.1%	Investment holding in Hong Kong



## APPENDIX II

## FINANCIAL INFORMATION OF THE GROUP

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
<b>INDIRECTLY HELD: (continued)</b>				
Claire International Limited	Hong Kong 22nd October, 1999	Ordinary shares HK\$2	100%	Property holding in Hong Kong
Oasis Florist Company Limited	Hong Kong 18th October, 2000	Ordinary shares HK\$2	100%	Operation of an online florist shop in Hong Kong
Water Oasis (Macau) Company Limited	Macau 19th July, 2001	Ordinary shares MOP\$25,000	100%	Operation of beauty services and sales of skincare products in Macau
Oasis Beauty Company Limited	Hong Kong 13th March, 2002	Ordinary shares HK\$1,000,000	100%	Operation of beauty salons and sales of skincare products in Hong Kong
Aricon Investments Limited	British Virgin Islands 8th March, 2002	Ordinary share US\$1	100%	Inactive
Master Advance Limited	Hong Kong 28th June, 2002	Ordinary shares HK\$1,000,000	100%	Inactive
奧思美容品 (上海) 有限公司 (Note)	The PRC 9th February, 2002	US\$200,000	90.1%	Inactive
奧泉 (上海) 商貿有限公司 (Note)	The PRC 9th March, 2006	US\$200,000	100%	Retail sales of skincare products and operating of beauty salons in the PRC
Top Distinct Limited	Hong Kong 26th January, 2006	Ordinary shares HK\$2,000,000	100%	Operation of beauty salons in Hong Kong
Oasis Medical Clinic Company Limited	Hong Kong 6th November, 2007	Ordinary share HK\$1	100%	Operation of beauty salons and provision of other related services in Hong Kong
WO North China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK\$100,000	100%	Investment holding in the PRC
WO Central China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK\$100,000	100%	Investment holding in the PRC
WO South China Company Limited	Hong Kong 24th June, 2008	Ordinary shares HK\$100,000	100%	Investment holding in the PRC
Oasis Cosmetic Holdings Company Limited	Hong Kong 17th June, 2008	Ordinary share HK\$1	100%	Investment holding in the PRC
伊蒲雪化妝品商貿 (上海) 有限 公司 (Note)	The PRC 5th February, 2009	US\$500,000	100%	Inactive

Name	Country/place and date of incorporation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of attributable equity interest	Principal activities and place of operation
<b>INDIRECTLY HELD: (continued)</b>				
伊亮諾化妝品商貿(上海) 有限公司( <i>Note</i> )	The PRC 5th February, 2009	US\$500,000	100%	Inactive
伊翠露化妝品商貿(上海) 有限公司( <i>Note</i> )	The PRC 5th February, 2009	US\$500,000	100%	Inactive
Water Oasis E.L. (HK) Company Limited	Hong Kong 19th March, 2009	Ordinary shares HK\$1,000,000	100%	Retail sales of skincare products in Hong Kong
上海奧薇化妝品商貿有限公司 ( <i>Note</i> )	The PRC 22nd April, 2009	US\$1,400,000	100%	Inactive
Water Oasis Shanghai Holdings Limited	Hong Kong 9th September, 2009	Ordinary share HK\$1	90.1%	Inactive
Glycel Holdings Company Limited	British Virgin Islands 20th April, 2010	Ordinary share US\$1	100%	Investment holding in Hong Kong
Progress Success Limited	British Virgin Islands 16th March, 2010	Ordinary share US\$1	100%	Investment holding in Hong Kong
Laboratoire Glycel Societe Anonyme	Liechtenstein 10th September, 1997	Normal shares CHF50,000	100%	Holding of trademarks
Glycel Laboratoire SA	Switzerland 18th November, 2005	Normal shares CHF100,000	100%	Holding of trademarks
Glycel Company Limited	Hong Kong 19th February, 2010	Ordinary shares HK\$1,000,000	100%	Retail sales of skincare products and operating of beauty salons in Hong Kong
Oasis Beauty (Macau) Company Limited	Macau 18th July, 2013	Ordinary shares MOP\$100,000	100%	Inactive

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

*Note:* These companies are wholly foreign owned enterprises.

### 35. RELATED PARTY TRANSACTION

#### (a) Travelling Expenses

	2017 HK\$'000	2016 HK\$'000
Travelling expenses paid to:		
– Hip Holiday Limited	224	152

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

	2017 HK\$'000	2016 HK\$'000
Basic salaries	8,018	8,581
Bonuses	2,320	6,803
Retirement benefit costs	68	72
Equity-settled share-based payment expenses	(94)	94
	<u>10,312</u>	<u>15,550</u>

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

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		AS AT 30TH SEPTEMBER,	
		2017 HK\$'000	2016 HK\$'000
	Notes		
Non-current asset			
Investment in a subsidiary		<u>3,000</u>	<u>3,000</u>
Current assets			
Prepayments		449	116
Amounts due from subsidiaries	a	156,592	140,874
Bank balances		<u>1,795</u>	<u>583</u>
		<u>158,836</u>	<u>141,573</u>
Current liability			
Accruals and other payables		<u>2,490</u>	<u>1,507</u>
Net current assets		<u>156,346</u>	<u>140,066</u>
Total assets less current liability		<u>159,346</u>	<u>143,066</u>
Capital and reserves			
Share capital		76,395	76,395
Reserves	b	<u>82,951</u>	<u>66,671</u>
Total equity		<u>159,346</u>	<u>143,066</u>

## Notes:

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

Notes: (continued)

(b) Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st October, 2015	38,879	450	–	46,255	85,584
Profit and total comprehensive income for the year	–	–	–	7,732	7,732
2015 final dividend paid	–	–	–	(19,099)	(19,099)
2016 interim dividend paid	–	–	–	(7,640)	(7,640)
Recognition of equity-settled share-based payment expenses	–	–	94	–	94
At 30th September, 2016	38,879	450	94	27,248	66,671
Profit and total comprehensive income for the year	–	–	–	59,784	59,784
2016 final dividend paid	–	–	–	(15,279)	(15,279)
2017 interim dividend paid	–	–	–	(30,558)	(30,558)
Recognition of equity-settled share-based payment expenses	–	–	2,427	–	2,427
Reversal of equity-settled share-based payment expenses upon lapse of share options	–	–	(94)	–	(94)
At 30th September, 2017	38,879	450	2,427	41,195	82,951

### 37. EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

### 3. INDEBTEDNESS STATEMENT

As at 31 March 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Offer Document, the Group had outstanding secured and unguaranteed mortgage loan of approximately HK\$18,206,000. The mortgage loan is secured by the investment properties of the Group.

Saved as aforesaid, and apart from intra-group liabilities and normal trade and other payables, as at 31 March 2018, the Group did not have any debt securities issued or outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

**4. MATERIAL CHANGE**

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 30 September 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The strong momentum built up by the Group over the past year is expected to continue in the year ahead, as it continues to enhance its digital credentials as well as introduce new products and equipment. It is also exploring possible new sales channels with the potential for expanding its market outside Hong Kong.

The Group's new online sales platform, which sells beauty products specifically targeted at younger users, was launched earlier in 2017 and is still in the process of establishing itself. Through it, the Group has been able to target a younger set of customers than it has traditionally been associated with. This new interest of potential customers in their twenties and even teens is also being stimulated by the Group's increasing use of social media platforms such as Facebook to promote its products and services, and in fact the age range of customers is widening even for its traditional brands.

One major focus over the coming year will be to enhance the richness of its digital engagement with consumers, in terms of widening its online presence, increasing the level of digital marketing initiatives and improving their targeting, and engaging more closely with KOLs. An example of this move can already be seen in the Group's online advertisement video clip, recently launched in November 2017 on the popular 100 Most social media platform, for its Tripower Intensive Face Lifting Treatment. Another example is Glycel's new product range The Line, which is being marketed to target customers in their late 20s and early 30s.

Apart from these new initiatives to enhance its future business performance, the Group is continuing to place emphasis on bringing its customers new and advanced beauty technologies at its medical beauty centres and beauty salons by purchasing the latest beauty equipment from all over the world. In association with this, the Group is continuing to enhance its professional teams, including its doctors and service staff, in order to ensure its high-level service standards are maintained and enriched.

In summary, the Group has a strong pipeline of services and products in place, a successful and expanding digital marketing strategy, and an ever-increasing data analytics capacity which is helping it make better decisions about how to allocate its resources. All three of these strengths combined well in 2017 to deliver an excellent performance. The Group anticipates continuing to focus its resources and strengths so as to continue in the same vein in the year ahead.

## APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

### UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma adjusted net assets per Share of the Group as at 30 September 2017 prepared based on the audited consolidated statement of financial position of the Group as at 30 September 2017 stated in the latest published annual report of the Group for the year ended 30 September 2017 reproduced in Appendix II to this Offer Document and adjusted for the impact of the Offer in accordance with Rules 4.29 of the Listing Rules assuming that the Offer had been completed on 30 September 2017 to illustrate the effect of the Offer on the financial position of the Group. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture, of what the net assets and net assets per Share of the Group shall be on the actual completion of the Offer or any future date.

	Audited net assets of the Group as at 30 September 2017 HK\$'000	Pro forma adjustment (Note 1) HK\$'000	Unaudited pro forma adjusted net assets of the Group as at 30 September 2017 HK\$'000
Non-current assets	354,016		354,016
Current assets*	543,276	(72,400)	470,876
Current liabilities (Note 2)	556,179		556,179
Net current liabilities (Note 3)	(12,903)	(72,400)	(85,303)
Non-current liabilities (Note 2)	28,726		28,726
<b>Net assets</b>	<b>312,387</b>	<b>(72,400)</b>	<b>239,987</b>
Equity attributable to: Owners of the Company	305,247	(72,400)	232,847
* Including: Bank balances and cash	402,430	(72,400)	330,030
	HK cents		HK cents
Net assets per Share	40.9		35.5
	(Note 4)		(Note 5)

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

1. To reflect the consideration payable for the buy-back of 88,000,000 Shares at the offer price of HK\$0.80 per Share payable in cash of approximately HK\$70,400,000 and the estimated expenses of HK\$2,000,000 directly attributable to the Offer, assuming the Maximum Number of Shares to be bought back by the Company shall be accepted in full under the Offer. The expenses include legal fees, financial advisory fees and other professional fees, which are incurred for an equity transaction and are accounted for as a reduction from equity.
2. The Offer will not have any impact on the liabilities of the Group.
3. The working capital (expressed as net current liabilities) as at 30 September 2017 would decrease from approximately HK\$12,903,000 to approximately HK\$85,303,000.
4. The audited net assets per Share of the Group immediately before the completion of the Offer is calculated based on the audited net assets of the Group as at 30 September 2017 of HK\$312,387,000 and 763,952,764 Shares in issue as at 30 September 2017.
5. The unaudited pro forma adjusted net assets of the Group immediately following the completion of the Offer per Share is calculated based on the unaudited pro forma adjusted net assets of the Group as at 30 September 2017 of HK\$239,987,000 and 675,952,764 Shares in issue following the completion of the Offer, which is 763,952,764 Shares in issue (immediately before the completion of the Offer as detailed above), reduced by 88,000,000 Shares bought back assuming that there is full acceptance of the Offer up to the Maximum Number of Shares.

The following unaudited pro forma adjusted earnings per Share of the Group for the year ended 30 September 2017 is prepared based on the audited consolidated profit attributable to owners of the Company for the year ended 30 September 2017 as shown in the annual report of the Group for the year ended 30 September 2017 reproduced on pages II-2 to II-46 of this Offer Document, and adjusted for the effect of the Offer as if the completion of the Offer had taken place at the beginning of the year ended 30 September 2017.

It has been prepared in accordance with Rule 4.29 of the Listing Rules assuming that the Offer had been completed on 1 October 2016 to illustrate the effect of the Offer on the earnings per Share of the Group for the year ended 30 September 2017. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture, of what the earnings per Share of the Group shall be on the actual completion of the Offer or any future period.

	<b>For the year ended 30 September 2017</b>	
	<b>(Audited)</b>	<b>(Unaudited pro forma adjusted)</b>
	<i>(Note (a))</i>	<i>(Note (b))</i>
Earnings per Share (expressed in HK cents)		
– basic and diluted	9.1	10.3

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

- a) The audited basic and diluted earnings per Share of the Group for the year ended 30 September 2017 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 30 September 2017 of HK\$69,331,000 and the weighted average number of ordinary shares of 763,952,764 and 764,297,814 used in the calculation of basic and diluted earnings per Share for the year ended 30 September 2017, respectively.
- b) The unaudited pro forma adjusted basic and diluted earnings per Share of the Group for the year ended 30 September 2017 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 30 September 2017 of HK\$69,331,000 and the adjusted number of 675,952,764 and 676,297,814 pro forma weighted average number of ordinary shares used in the calculation of basic and diluted earnings per Share, which is the weighted average number of ordinary shares of 763,952,764 and 764,297,814 used in the calculation of basic and diluted earnings per Share for the year ended 30 September 2017, respectively, reduced by 88,000,000 Shares bought back as if the completion of the Offer had taken place at 1 October 2016 and that there is full acceptance of the Offer up to the Maximum Number of Shares.

Based on the above and having considered the funding of the Offer, the Company considers that there are no material adverse effect on the Group's net assets per Share, earnings per Share, liabilities and working capital as a result of the Offer.



*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Offer Document.*



## **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

### **To the Directors of Water Oasis Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Water Oasis Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net assets of the Group as at 30 September 2017 and the unaudited pro forma adjusted earnings per share of the Group for the year ended 30 September 2017 and related notes as set out on pages III-1 to III-3 of the offer document issued by the Company dated 4 May 2018 (the "Offer Document"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-3 of the Offer Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed conditional cash offer by Yu Ming Investment Management Limited on behalf of the Company to buy back up to 88,000,000 shares of the Company at HK\$0.80 per share of the Company (the "Offer") on the Group's financial position as at 30 September 2017 and the Group's earnings per share for the year ended 30 September 2017 as if the Offer had taken place at 30 September 2017 and 1 October 2016 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 30 September 2017, on which an auditor's report has been published.

### **Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the relevant requirements under the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2017 or 1 October 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
4 May 2018

*The following is the text of a report, prepared for the sole purpose of inclusion in this Offer Document, received from the independent valuer, Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, in respect of the valuation of the property interest of the Company.*

4 May 2018

**Dynasty Premium Asset Valuation & Real Estate Consultancy Limited,**  
3/F, Kingdom Power Commercial Building,  
32-36 Des Voeux Road West, Sheung Wan,  
Hong Kong

The Board of Directors,  
**Water Oasis Group Limited,**  
18/F, World Trade Centre,  
280 Gloucester Road, Causeway Bay,  
Hong Kong

Dear Sirs,

#### **INSTRUCTION**

We refer to the instructions of Water Oasis Group Limited (the “Company”, together with its subsidiaries, collectively the “Group”) to us for assessing the market value of the legal interest in the only property (hereinafter referred to be as the “Property”) held for investment purpose in Hong Kong by a wholly-owned subsidiary of the Company. Save for the Property, the Group does not have any properties. We confirm that we have conducted an inspection, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing you with our independent informed opinion in the market value of the Property as at 31 March 2018.

#### **BASIS OF VALUATION – MARKET VALUE**

Our valuation relies on the definition of the market value as defined by the IVS (International Valuation Standards) which is followed by the Hong Kong Valuation Standard (2017 ed.) (VS 5 Para. 5.3.1) published by the Hong Kong Institute of Surveyors. Market value is defined as –

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Since the instant valuation is on the basis of existing use and state, none of hope value under the VS 5 Para. 5.3.17 is considered in this case.

#### **VALUATION METHODOLOGY**

Our valuation of the market value adopts the Investment Valuation Method on the basis of the existing use and state of the Property.

We have taken into account the direct or similar rental comparables in the locality or nearest to the location of the Property as the base of valuation analysis and comparison. The investment valuation method is to capitalize all streams of net rental income during the residual term of the existing tenancy and the reversionary value with the appropriate term yield and reversionary yield.

Adjustment has been allowed for the discrepancies between the Property and the similar comparables in respect of various factors, including but not limited to, location, accessibility, level of floors, visibility, frontage, size, layout, ceiling height, building facilities, age and date of transaction.

### **TITLE INVESTIGATION**

We have relied to a considerable extent on information provided to us by the Company in such matters as statutory notices, easements, particulars of occupation, details of letting and tenancies, tenure, floor areas and all other relevant matters. In some instances, we have been provided with extracts from title documents relating to the Property and we have caused searches to be made at the Land Registry in Hong Kong. However, we have not searched the original title documents to ascertain the validity of the good and legally-binding title to the Property or to verify amendments to the covenants of the first or subsequent Deeds for title assignment which can affect the extent of proprietary rights in the use and quiet enjoyment of the Property. All documents provided to us have been used as reference and all dimensions, measurement and areas are approximate only.

### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sold the Property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement, option or pre-emption rights or any other similar arrangement which would serve to increase the market value of the Property.

No allowance is made for any encumbrances (including charges and mortgages) or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market value.

We have not carried out investigations on site to determine the services of the Property. Our valuation is prepared on the assumption that these aspects were satisfactory. Moreover, we have not carried out on-site measurements to verify the correctness of the areas of the Property but have assumed that the areas shown on the documents handed to us are correct.

Mr. Wong Yung Shing has inspected the internal space and the external elevation of the Property on 12 April 2018 except the inaccessible, covered or restricted areas. No structural survey is instructed to be carried out by the Company. We are therefore unable to report and any such parts of the Property are assumed to be free from defects or unauthorized structures.

We have not arranged for any investigation to be carried out to determine whether or not deleterious material has been used in the construction of the Property and we are therefore unable to report that the Property is free from risk in this respect.

We are not aware of any contamination or the possibility of any such contamination occurred to the Property. We assume that no contaminating or potentially contaminating uses have ever been carried out in the Property.

We cannot identify and notice whether there are the overriding interests or minor interests or actual occupation of the third parties in the Property. Meanwhile, our valuation takes into account the written and registered records of Deeds only which have been provided to us by way of actual notice only.

This Valuation Certificate complies with the RICS Valuation – Global Standards 2017 and The HKIS Valuation Standards 2017 published by the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors respectively, Chapter 5 to the Rules Governing the Listing of Securities on the Main Board issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

## **REMARKS**

The valuation has been undertaken by the chartered surveyor acting as an external independent valuer qualified for the valuation. We have neither present nor prospective interest in the Property, nexus with the Company, or hold interests in the market value reported.

The conversion rate of area and length is per 1 sq.m. = 10.7639 sq.ft. and per 1 m. = 3.2808 ft.

Enclosed are the Summary of Value and our Valuation Certificate.

Yours faithfully,

For and on behalf of

***Dynasty Premium Asset Valuation & Real Estate Consultancy Limited***

***WONG Yung-shing (黃雍盛)***

*LLB(Hons)(London) B. Sc.(Hons)(Land Adm.)(London)*

*Prof. Dip.(Est. Mgt.)(HKPU) MRICS MHKIS MCI Arb AHK Arb RPS(GP) MHIREA FCABE*

Chairman

Chartered Surveyor

Chartered Arbitrator

Chartered Building Engineer

Registered Professional Surveyor (Hong Kong)

Expert Witness Practice since 1989

*Note:* Mr. Wong Yung Shing is a corporate member of The Hong Kong Institute of Surveyors (General Practice) and The Royal Institution of Chartered Surveyors (Valuation & Infrastructure-Aviation Pathways). Since 1989, he has continuously practiced with good track records for the statutory valuation of corporeal and incorporeal properties, intangible & intellectual assets, enterprise valuation, business projects, and China property valuation, for diverse purposes and specialized in the expert witness services of property disputes, civil aviation enterprise, airport real estate, valuation certification, and civil damages. He is the unique business valuation record holder of World's Commonwealth Countries and Hong Kong Legal System (HKCFA Case No.: FAMV 18 of 2010).

## SUMMARY OF VALUE

Legal interest in the Property held for investment purpose by the wholly-owned subsidiary of the Company in Hong Kong

Property	Market Value in Existing State as at 31 March 2018 (HK\$)	% of interest attributable to the Group (%)	Market Value in
			Existing State attributable to the Group as at 31 March 2018 (HK\$)
The whole building situated at No. 18 Cochrane Street, Central, Hong Kong	232,336,000	100%	232,336,000

## VALUATION CERTIFICATE

**Legal interest in the Property held for investment purpose by the wholly-owned subsidiary of the Company in Hong Kong**

<b>Property</b>	<b>Description and Tenure</b>	<b>Particulars of Occupancy</b>	<b>Market Value in Existing State as at 31 March 2018 (HK\$)</b>
The whole building situated at No. 18 Cochrane Street, Central, Hong Kong	The property is comprised of a 7-storeyed commercial building completed in February 1971 (per Occupation Permit No. H23/71).	The property is contractually let to two independent 3 <sup>rd</sup> party tenants for retail purpose at the date of valuation.	232,336,000 (100% of interest attributable to the Group: 232,336,000)
The property is built on the Section C of Inland Lot No. 127	As provided by the Client, the gross floor area of the property is about 4,981.27 sq. ft. (462.78 sq.m.).	One Tenancy Agreement (for G/F) is for 3 years from 1 August 2015 to 31 July 2018 at a current monthly rent of HK\$200,000 with an option to renew for a further term of 2 years.	
Property Reference Number: C4306606	The property is held under a Government Lease for a term of 999 years commencing from 22 January 1844 less the last 3 days. The Government Rent is HK\$18.00 per annum.	Another Tenancy Agreement (for 1/F – 5/F) is for 2 years from 17 May 2017 to 16 May 2019 at a current monthly rent of HK\$248,000 by executing the terms of ‘option to renew’.	



**Valuation Notes:**

- (1) The registered owner of the Property is Claire International Limited, the wholly-owned subsidiary of the Company, according to an Assignment vide Memorial No. 080916-0290-0026 dated 29 August 2008 for a consideration of HK\$78,000,000.00.
- (2) The Property is subject to a Mortgage vide Memorial No. 080916-0290-0033 dated 29 August 2008 to secure all moneys in respect of general banking facilities in favour of Hang Seng Bank Limited.
- (3) The Property is leased to two independent tenants and is subject to 2 tenancy agreements.
  - (a) The First Tenancy (for G/F and Cockloft) is leased to Caffeination Company Limited for 3 years from 1 August 2015 to 31 July 2018 together with a rent-free period from 1 August 2015 to 6 September 2015 and with an option to renew for a further term of 2 years (under a Tenancy Agreement vide Memorial No. 150804-0090-0042 dated 17 July 2015).
  - (b) The Second Tenancy (for 1/F, 2/F, 3/F, 4/F and 5/F) is leased to Extreme Talent Limited by implementing the option to renew for a further 2 years from 17 May 2017 to 16 May 2019 according to a Tenancy Agreement vide Memorial No. 150828-0076-0046 dated 19 August 2015.

**1. RESPONSIBILITY STATEMENT**

This Offer Document, for which the Directors jointly and severally accept full responsibility, includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Company. The Directors, jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Offer will be as follows:

*Authorised*

HK\$

<u>2,000,000,000</u>	Shares as at the Latest Practicable Date	<u>200,000,000</u>
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*Issued and fully paid or credited as fully paid*

HK\$

765,452,764	Shares as at the Latest Practicable Date	76,545,276.40
<u>(88,000,000)</u>	Shares proposed to be cancelled under the Offer	<u>(8,800,000)</u>
<u>677,452,764</u>	Shares upon completion of the Offer	<u>67,745,276.40</u>

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and capital.

As at the Latest Practicable Date, save for 765,452,764 Shares in issue and 13,500,000 share options granted under the share option scheme adopted by the Company on 24 February 2012, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

There has been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period.

During the two-year period immediately preceding the date of this Offer Document, the Company paid dividends as follows:

<b>Date of payment</b>	<b>Amount of cash dividend paid HK\$'000</b>
8 March 2018	30,618
30 June 2017	30,558
10 March 2017	15,279
30 June 2016	7,640

Depending on the future results and financial position of the Group, the Board may declare dividends as and when they consider appropriate. The Board does not expect the Offer to have any adverse effect on the ability of the Company to pay dividends or on the dividend policy of the Company.

During the two-year period immediately preceding the date of commencement of the Offer Period, i.e. 13 April 2018 (being the date of the Announcement) and up to the Latest Practicable Date, the Company issued an aggregate of 1,500,000 Shares, the details of which are as follows:

<b>Date of issue</b>	<b>Number of shares issued</b>	<b>Issue price per Share HK\$</b>	<b>Gross proceeds HK\$</b>
3 October 2017	1,500,000	0.986	1,479,000

Save as disclosed above, no Shares have been issued or bought back by the Company since 30 September 2017 (being the end of the latest financial year), and during the 12 month period prior to the Latest Practicable Date.

### **3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at the Latest Practicable Date, the interests of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital
Mr. Yu Kam Shui, Erastus (Note 1)	Beneficial owner	8,000,000	1.05%
Ms. Lai Yin Ping (Note 1)	Interest of spouse	8,000,000	1.05%
Ms. Yu Lai Chu, Eileen (Note 2)	Interest of controlled corporation and beneficial owner	164,897,760	21.54%
Mr. Tam Chie Sang (Note 2)	Interest of spouse	164,897,760	21.54%
Mr. Tam Siu Kei (Note 3)	Beneficial owner and interest of spouse	5,222,000	0.68%
Mr. Wong Chun Nam, Duffy (Note 4)	Beneficial owner	600,000	0.08%

## Notes:

1. Mr. Yu Kam Shui, Erastus and Ms. Lai Yin Ping are executive Directors. Mr. Yu Kam Shui, Erastus is the spouse of Ms. Lai Yin Ping. Both of them are interested in the 8,000,000 Shares held by Mr. Yu Kam Shui, Erastus.
2. Ms. Yu Lai Chu, Eileen and Mr. Tam Chie Sang are executive Directors. Ms. Yu Lai Chu, Eileen is the spouse of Mr. Tam Chie Sang. Ms. Yu Lai Chu, Eileen personally holds 9,564,000 Shares. Zinna Group Limited ("Zinna"), owned as to 75% by Ms. Yu Lai Chu, Eileen, 5% by Mr. Tam Chie Sang and 20% by their son, Mr. Tam Yue Hung, holds 155,333,760 Shares. Both of Ms. Yu Lai Chu, Eileen and Mr. Tam Chie Sang are interested in the Shares held by Zinna and Ms. Yu Lai Chu, Eileen.
3. Mr. Tam Siu Kei is the Chief Executive Officer of the Company. Mr. Tam Siu Kei personally holds 2,928,000 Shares and is interested in 2,294,000 Shares held by his spouse, Ms. Leung Pui Yi.
4. Mr. Wong Chun Nam, Duffy is an independent non-executive Director and personally holds 600,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any beneficial or deemed interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

#### 4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executive of the Company, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital were as follows:

Name of persons/corporations	Number of Shares interested	Percentage of the Company's issued share capital
Yu Lai Si	166,113,760	21.70%
Advance Favour Holdings Limited ( <i>Note 1</i> )	77,666,880	10.15%
Billion Well Holdings Limited ( <i>Note 1</i> )	77,666,880	10.15%
Shareholder Value Fund ( <i>Note 2</i> )	92,512,000	12.09%

*Notes:*

1. Advance Favour Holdings Limited and Billion Well Holdings Limited are wholly-owned by Ms. Lai Yin Ling.
2. CM Asset Management (Hongkong) Company Limited is the investment manager of Shareholder Value Fund.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital.

#### 5. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

<b>Date</b>	<b>Closing Price per Share HK\$</b>
31 October 2017	1.03
30 November 2017	0.97
29 December 2017	0.97
31 January 2018	0.94
28 February 2018	0.89
29 March 2018	0.80
Last Trading Day	0.82
30 April 2018	0.84
Latest Practicable Date	0.88

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK\$1.04 per Share on 27 and 30 October 2017 and 3 November 2017 and HK\$0.80 per Share on 29 March 2018.

## **6. DEALINGS IN THE SHARES AND OTHER ARRANGEMENTS**

The Company had not bought back or dealt in any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period beginning 6 months prior to the date of the Announcement and up to the Latest Practicable Date, and will not conduct any on-market Share buy-back from the Latest Practicable Date up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be.

None of the Company, the Directors, the Undertaking Shareholders and any parties acting in concert with each of them had dealt for value in their relevant shareholdings (as defined in Note 1 to paragraph 5 of Schedule III to the Share Buy-backs Code) during the Relevant Period.

As at the Latest Practicable Date, save as disclosed in this appendix to the Offer Document:

- (a) none of the Company, the Directors and any parties acting in concert with any of them were interested in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor had they borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (b) none of the Undertaking Shareholders and parties acting in concert with each of them were interested in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor had they borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

**7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any service contracts in force with the Company or its subsidiaries which (i) had been entered into or amended within six months before the commencement of the Offer Period (including both continuous and fixed term contracts); (ii) or are continuous contracts with a notice period of twelve months or more; or (iii) are fixed term contracts with more than twelve months to run irrespective of the notice period.

**8. EXPERTS AND CONSENTS**

The following is the qualifications of the expert who has given opinions or advice, which is contained in this Offer:

<b>Name</b>	<b>Qualifications</b>
Altus Capital Limited	a corporation licensed under the SFO to carry out regulated activities of type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
Deloitte Touche Tohmatsu	Certified Public Accountants
Dynasty Premium Asset Valuation & Real Estate Consultancy Limited	independent professional valuer
Yu Ming	a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)

As at the Latest Practicable Date, each of the experts above has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion therein of its report and reference to its name in the form and context in which it appear in this Offer Document.

**9. MATERIAL CONTRACTS**

The Group did not enter into any contract which are or may be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years immediately preceding the date of the Announcement.

**10. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group may become a party.

**11. GENERAL**

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (b) The corresponding address of the Concert Group is at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The registered office of Yu Ming is at Room 1801, 18/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (d) The registered office of Altus Capital Limited is at 21 Wing Wo Street, Central, Hong Kong.
- (e) The English text of this Offer Document, the form of proxy for the EGM and the Acceptance Form shall prevail over Chinese text.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the website of the Company ([www.wateroasis.com.hk](http://www.wateroasis.com.hk)); (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) at the office of the Company at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (during normal business hours on any Business Day) from the date of this Offer Document for so long as the Offer remains open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 30 September 2016 and 2017;
- (c) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (d) the written consent as referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the letter from the Board, the text of which is set out on pages 5 to 12 of this Offer Document;
- (f) the letter from Yu Ming, the text of which is set out on pages 13 to 21 of this Offer Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 22 to 23 of this Offer Document;
- (h) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 38 of this Offer Document;



- (i) the independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix IV to this Offer Document;
- (j) the property valuation report issued by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, the text of which is set out in Appendix V to this Offer Document; and
- (k) the undertakings provided by the Undertaking Shareholders in respect of the Offer.

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## NOTICE OF EGM

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Water OASIS Group

奧 思 集 團

### **WATER OASIS GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1161)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Water Oasis Group Limited (the “**Company**”) will be held at Marina Room 1, 2/F, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on 25 May 2018 at 10:30 a.m. for the following purposes:

#### **ORDINARY RESOLUTION**

The following resolution will be proposed to be considered and if thought appropriate passed as ordinary resolution of the Company:

“**THAT**

the conditional cash offer (“**Offer**”) by Yu Ming Investment Management Limited on behalf of the Company to buy back up to 88,000,000 shares of nominal value of HK\$0.10 each in the issued share capital of the Company (“**Shares**”) at a price of HK\$0.80 per Share in cash and subject to the terms and conditions set out in the offer document dated 4 May 2018 and despatched to the shareholders of the Company (the “**Shareholders**”) together with the accompanying acceptance form (a copy of which marked “A” has been produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy back Shares granted by the Shareholders at the annual general meeting of the Company on 9 February 2018, and that any one of the directors, the chief executive officer or the company secretary of the Company be and is hereby authorised to do all acts and to execute all such documents with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the buy-back of Shares pursuant to the Offer.”

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

Hong Kong, 4 May 2018

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## NOTICE OF EGM

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*Registered office:*

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

18th Floor, World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

*As at the date of this notice, 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, B.B.S., J.P. and Dr. Wong Chi Keung.*

*Notes:*

1. Any member of the Company (the “**Member**”) entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. The Member who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be the Member. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 48 hours before the time appointed for holding the Meeting or its adjournment at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the Meeting or its adjournment, not later than 24 hours before the time appointed for the taking of the poll and in default, the instrument of proxy shall not be treated as valid.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any Shares, any one of such joint holder may vote at the Meeting, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders is present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude the Member from attending and voting in person at the Meeting should the Member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. For determining the Members’ entitlement to attend and vote at the Meeting, the Register of Members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive. During this period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the Meeting, 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 pm on Friday, 18 May 2018.
8. A form of proxy for use at the Meeting is enclosed.