Water OASIS Group
奧 思 集 團

WATER OASIS GROUP LIMITED

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 31 March 2024 (the "period") increased by 2.3% to approximately HK$503.4 million when compared with that of the same period last year.

- During this period the economic environment was very muted. Hong Kong's economy has struggled to gain momentum, with a falling property market and an inactive stock market weighing heavily on local confidence. With the local mood also being weighed on by global conflicts further afield, consumers are increasingly cautious in their discretionary spending. Against that background, the Group is pleased to be able to report a generally positive result for the period.

- During the period under review, the ratio of beauty services to beauty products in the Group's portfolio went from 82.9% to 17.1% a year ago to 84.1% to 15.9%. Due to good performances by its major beauty services brands, the Group's gross profit margin also rose year-on-year, from 89.4% to 90.2%.

- In the first six months of this financial period, the Group invested heavily in advertising campaigns to maintain a high public profile and to actively reach out to new customers which led to an increase in advertising expenses from 1.4% to 2.1% of revenue. Depreciation cost for property and equipment remained stable at 4.5% of revenue generated by the Group's policy of undertaking ongoing store renovations, as well as its commitment to purchasing the latest beauty machines and equipment. Staff costs rose by 8.6%, driven by the extremely competitive employment environment in Hong Kong.

- The Group recognised a non-cash goodwill impairment amounting to HK$11.4 million. To enhance the Group profitability, the Group will focus on retail selling of HABA products in Hong Kong and not to extend the distributor rights of HABA products in Mainland China attributable to underwhelming performances.

- Profit for the period amounted to HK$40.1 million, as against HK$57.1 million for the same period last year.

- Recommend the payment of an interim dividend of 3.5 HK cents per share.

OPERATION HIGHLIGHTS

Beauty Services Business

- As at 31 March 2024, the Group including the brands of Glycel, Oasis Beauty, Oasis Medical Centre, Oasis Spa, Oasis Dental, 32ºC, spa ph+ and AesMedic Clinic operates a total of 54 beauty salons in Hong Kong, 2 outlets in Macau as well as 3 outlets in Mainland China.

- Generally, the Group's beauty services brands performed well within a weak environment in the period, despite facing challenges in a number of areas. One was the increasing trend for Hong Kong consumers to travel outside Hong Kong for long weekends or holiday periods. The Group is exploring ways to enhance and streamline its communication with customers to help overcome this issue.

- During the period under review, the Group spent HK$11.7 million on store renovation and relocation and equipment purchases. Of the total amount, HK$8.1 million was allocated for the relocation of its flagship Glycel store in Causeway Bay to spacious premises in the Soundwill Plaza, reinforcing the brand's credentials as one of Hong Kong's leading beauty providers and creating strong inter-brand synergies with others of the Group's brands nearby.

- In Mainland China, the Group closed one of its Oasis Beauty centres in Beijing in the period.

Product Sales Business

- As at 31 March 2024, the Group operates a total of 7 retail outlets located in Hong Kong and 5 outlets in Macau comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo and HABA.

- During the period under review, the Group closed two of its HABA retail outlets in Hong Kong located in Shatin and Tsim Sha Tsui. 1 Erno Laszlo outlet in Shatin was also closed, while another was relocated from Tsim Sha Tsui Harbour City to the Tsim Sha Tsui Facesss mall. These outlet rationalisations are prudent steps in the current challenging market, and will enhance the Group's long-term profitability.

Outlook

- Looking ahead, the market outlook appears gloomy, hence the Group expects its own growth opportunities to be limited in the remainder of the year. This will be a time for the Group to focus on strategic cost optimisation opportunities that will ensure it can maintain a sound and sustainable business structure going forward.

- As the economic outlook for China appears highly unpromising, the Group made the decision to discontinue its China distribution business of the HABA brand and focus its resources on its core market of Hong Kong instead.

- The Group is committed to remaining at the forefront of its industry regardless of market conditions, and being a consistent benchmark for excellence in beauty services and products in Hong Kong. An example of this strategy is the recent strategic relocation of the Group's Glycel flagship store in Causeway Bay, sending a clear message to customers and investors alike that the Group is committed to providing the very best for Hong Kong regardless of the economic climate, and that it has a long-term vision and expectation of business growth.

The board of directors (the “Board”) of Water Oasis Group Limited (the “Company”) herein announces the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 31 March 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

By Order of the Board
Water Oasis Group Limited
Tam Siu Kei
Executive Director and Chief Executive Officer

Hong Kong, 29 May 2024

As at the date of this announcement, the executive directors of the Company are Mr. Yu Kam Shui, Erastus, Mr. Tam Siu Kei, 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., Dr. Wong Chi Keung and Dr. Chan Chi Kau, Johnnie Casire, S.B.S., B.B.S., J.P..

WATER OASIS Group Limited

奧思集團有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：1161

A STEADY LIGHT
穩健前行

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Management Discussion and Analysis

The board of directors (the "Board") of Water Oasis Group Limited (the "Company") herein announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 31 March 2024.

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

RESULTS AND DIVIDEND

For the six months ended 31 March 2024, the Group's revenue rose by 2.3% by comparison with the same period last year, to approximately HK$503.4 million (six months ended 31 March 2023: HK$492.0 million).

Profit for the period amounted to HK$40.1 million, as against HK$57.1 million for the same period last year. As at 31 March 2024, the Group had approximately HK$396.0 million in cash in hand.

The Board has resolved to declare an interim dividend of 3.5 HK cents per share for the six months ended 31 March 2024 (six months ended 31 March 2023: 7.0 HK cents).

MANAGEMENT REVIEW

The first six months of 2023/24 presented a very challenging backdrop against which to assess the Group's performance. Hong Kong's economy has struggled to gain momentum since the end of the pandemic, with a falling property market and an inactive stock market weighing heavily on local confidence. In the Mainland, structural issues relating to the property sector have had much wider knock-on effects, generating an atmosphere of economic uncertainty. With the local mood also being weighed on by global conflicts further afield, such as the war in Ukraine and turbulence in the Middle East, the Group has found itself operating in a very muted economic environment, where consumers are increasingly cautious in their discretionary spending.

Against that background, the Group is pleased to be able to report a generally positive result for the period. Revenue for the six months under review was relatively stable compared to the same period last year, increasing slightly year-on-year due to good performances by its major beauty services brands. Similarly positive was the growth in the Group's gross profit margin, which rose from 89.4% to 90.2% year-on-year. This growth was the result of a higher contribution by the Group's beauty services segment than previously, reflecting the fact that the ratio of beauty services to beauty products in the Group's portfolio went from 82.9% to 17.1% a year ago to 84.1% to 15.9% in the period under review. Consequently, the Group's beauty services revenue increased to HK$423.3 million year-on-year, while revenue from the smaller beauty product segment fell slightly to HK$80.2 million.

Against these revenues, the Group's operating costs remained relatively steady from period to period. In fact rental costs decreased slightly, from 17.0% to 16.1% of revenue, as the weaker consumer market translated into softer rents and offered greater scope for negotiation with landlords. Meanwhile, depreciation costs for property and equipment remained steady, at 4.5% of revenue. These costs are largely generated by the Group's policy of undertaking ongoing store renovations, as well as its commitment to purchasing the latest beauty machines and equipment. In the period, a large portion of its renovation costs were associated with the major relocation of its flagship Glycel outlet in Causeway Bay, discussed below.

The very muted economic environment of the period made it important for the Group to maintain a high public profile and to actively reach out to new customers. This motivation lay behind the increase in advertising costs for the period, from 1.4% to 2.1% of revenue. Extra money was invested in high-profile, high-impact advertising campaigns designed to further enhance the Group's brand image and keep its brands prominent in the public eye.

Staff costs also increased quite significantly in the period. These increases were not driven by staff expansion – in fact, the number of staff fell year-on-year – but by the extremely competitive employment environment in Hong Kong. In Hong Kong's current environment, attractive commission arrangements are essential for businesses wishing to retain high-performing staff and motivate sales efforts. Because the Group believes its professional and highly-motivated staff are crucial assets in terms of driving sales and winning new customers, it is prepared to invest heavily in keeping them.

The increase in operating expenses in the period resulted in a small decrease in operating profit by comparison with the same period last year, from HK$57.1 million last year to HK$40.1 million for the current period. In addition, the Group recognised a one-off goodwill impairment loss of approximately HK$11.4 million in the period, in relation to its decision not to extend its distributorship agreement for HABA's Mainland China market. The goodwill impairment loss arose from a strategic decision taken by Group management following a comprehensive business review undertaken during the period. On the basis of the review findings, the Group made the decision to withdraw from its HABA distribution arrangements on the Mainland in order to improve its long-term profitability by concentrating its efforts on its core market of Hong Kong, where it has a stronger presence and better growth prospects.

BEAUTY SERVICES

Generally, the Group's beauty services brands performed well within a weak environment in the period, despite facing challenges in a number of areas. One was the increasing trend for Hong Kong consumers to travel outside Hong Kong for long weekends or holiday periods, whether simply heading across the border to Shenzhen for short breaks or going further afield to destinations such as Japan and Europe. This travel trend had the effect of disrupting regular bookings for beauty services, especially on weekends. The Group is exploring ways to enhance and streamline its communication with customers to help overcome this issue.

During the period, the Group devoted a significant sum to the relocation of its flagship Glycel store in Causeway Bay. It spent some HK$8.1 million on this high-profile move, which involved shifting this Glycel location to spacious premises in the Soundwill Plaza, where the Group also already operates other brand outlets. The move has created an impressive new space for this premier Glycel store, reinforcing the brand's credentials as one of Hong Kong's leading beauty providers. Moreover, its proximity with others of the Group's brands in the Soundwill Plaza is creating strong inter-brand synergies for the Group. Following the move, the Water Oasis Group has become the Soundwill Plaza's single biggest tenant.

As at 31 March 2024, the Group was operating 15 Oasis Beauty centres, 2 Oasis Homme centres, 4 Oasis Hair Spas, 10 Oasis Medical Centres, 3 Oasis Spas, and 1 Oasis Dental clinic. Other non-Oasis branded beauty services locations operated by the Group are 12 Glycel beauty centres, 1 32°C centre, 5 spa ph+ centres, and 1 AesMedic Clinic. In total, the Group had a total of 54 beauty centre operations in Hong Kong at period-end.

In Mainland China, the Group closed one of its Oasis Beauty centres in Beijing in the period, reducing the number of self-managed Oasis Beauty centres it operates in the capital city to 3. In Macau, the Group continued to operate 1 Glycel Skinspa and 1 Oasis Beauty Store.

PRODUCT SALES

Beauty product sales were soft overall in the period, although there was some variance across brands. Glycel product sales, in particular, were very strong, reflecting the efforts made by the Group in recent years to establish this premium brand in the market. In reflection of the economic downturn and tightening of the retail market generally, the Group closed two of its HABA retail outlets in Hong Kong, those in Shatin and Tsim Sha Tsui, reducing its HABA outlets to just 1.

1 Erno Laszlo outlet in Shatin was also closed, while another was relocated from Tsim Sha Tsui Harbour City to the Tsim Sha Tsui Facesss mall. This brand is now represented by a single retail outlet in Hong Kong. These outlet rationalisations are prudent steps in the current challenging market, and will enhance the Group's long-term profitability.

As at 31 March 2024, the Group operated 7 retail product stores or counters in Hong Kong, and 5 in Macau comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo and HABA.

The Group continued to sell Glycel products in 18 Glycel locations, including 5 stores or counters and 13 beauty services centres in Hong Kong and Macau.

OUTLOOK

Looking ahead, the economic outlook for China and Hong Kong appears highly unpromising, with interest rates remaining high and the property sectors in both places still languishing. Political uncertainties around the world remain unresolved, and the Hong Kong stock market has yet to recover from a long period of underperformance. In this context, the Group does not expect rapid recovery in the consumer sphere, seeing consumer confidence and spending likely to remain muted for some time.

Given this gloomy market outlook, the Group expects its own growth opportunities to be limited in the remainder of the year, and perhaps for a longer period. This will be a time for the Group to focus on strategic cost optimisation opportunities that will ensure it can maintain a sound and sustainable business structure going forward. As a first step in this process, the Group made the decision to discontinue its China distribution business of the HABA brand. With no early recovery in sight for the China economy, management believes it is prudent to focus the Group's resources on its core market of Hong Kong, where it enjoys a major market share and a strong reputation as a reliable market leader.

Within Hong Kong, some serious challenges confront companies in the beauty services sector, and a further downturn in the sector seems likely. The Group will continue to look for ways of optimising the performance of its brands as well as individual outlets; it will undertake strategic store relocations and, where necessary, store closures.

However, the Group's response to the gloomy market outlook embraces far more than merely retrenchment. The Group is committed to remaining at the forefront of its industry regardless of market conditions, and being a consistent benchmark for excellence in beauty services and products in Hong Kong. To ride through difficult conditions it must position itself as a high-profile market leader. An example of this strategy is the recent strategic relocation of the Group's Glycel flagship store in Causeway Bay. This major move and expansion sent a clear message to customers and investors alike that the Group is committed to providing the very best for Hong Kong regardless of the economic climate, and that it has a long-term vision and expectation of business growth.

This attitude is also reflected in the Group's investment in new beauty machinery and equipment, and in its efforts to retain the best staff. Its process of upgrading and investing in innovative new treatments and pioneering new technology will continue unabated; at the same time, no compromises will be made in its efforts to attract and retain high quality and fully professional staff in a very competitive labour market.

In a slow market, effective advertising will remain an important channel for consolidating and growing the Group's customer base. The Group intends to continue investing in creative and cost-effective advertising campaigns to drive customers to its brands. These campaigns will combine with the strong brand profile being created by its flagship stores in major high-profile locations to send a powerful message that the Group remains steady and focused in serving the needs of customers in Hong Kong.

The second half of the year is expected to bring with it increasing headwinds. The Group does anticipate that in this coming period, some smaller players may need to exit the market. This could potentially lead to further customer growth and a gain in the Group's market share. The Group itself, debt-free and with cash in hand, has a proven track-record of managing market dips and operating prudently, proactively, and with longer-term goals in mind. These are qualities that management believes will enable it to navigate the rougher waters ahead with success.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had net current liabilities of approximately HK$282.3 million (as at 30 September 2023: HK$309.3 million).

The Group generally finances its operations with internally generated resources. As at 31 March 2024, the Group had cash reserves of approximately HK$396.0 million mainly denominated in Hong Kong dollars (as at 30 September 2023: HK$271.8 million).

As at 31 March 2024 and 30 September 2023, the Group did not have loan.

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

CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 March 2024.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group had capital commitment in respect of acquisition of property and equipment of approximately HK$0.2 million.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed 1,011 staff (as at 30 September 2023: 1,073 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options (if any) will also be granted to eligible staff based on individual and Group performance. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs.

The remuneration policy for the directors and our senior management members is based on their experience, level of responsibility, length of service and general market conditions. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the directors and senior management members.

The Group is committed to nurturing a learning culture in the organisation. Heavy emphasis is placed on training and development, as the Group's success is dependent on the effort of a skilled and motivated work force.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the period under review, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

TREASURY POLICIES

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS

As at 31 March 2024, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group has no plan authorised by the Board for other material investments and capital assets as at 31 March 2024.

PLEDGE OF ASSET

As at 31 March 2024, no assets of the Group were pledged as security for mortgage loan (as at 30 September 2023: HK$225.0 million).

Report on Review of Interim Condensed Consolidated Financial Statements

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To the Board of Directors of Water Oasis Group Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 09 to 22, which comprise the condensed consolidated statement of financial position of Water Oasis Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the "interim condensed financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

BDO Limited
Certified Public Accountants
CHOI Kit Ying
Practising Certificate no. P07387

Hong Kong, 29 May 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	UNAUDITED SIX MONTHS ENDED 31 MARCH 2024 HK$'000	 2023 HK$'000
Revenue	5	**503,434**	491,957
Purchases and changes in inventories of finished goods		**(49,247)**	(52,026)
Other income		**8,115**	4,664
Impairment loss on goodwill		**(11,429)**	–
Other gains or losses		**(526)**	(981)
Staff costs		**(229,672)**	(211,466)
Depreciation		**(78,352)**	(80,439)
Finance costs		**(5,046)**	(4,002)
Other expenses	6	**(83,822)**	(74,854)
Profit before taxation		**53,455**	72,853
Taxation	7	**(13,388)**	(15,787)
Profit for the period	8	**40,067**	57,066
Profit (loss) for the period attributable to:			
Owners of the Company		**40,137**	57,211
Non-controlling interests		**(70)**	(145)
		40,067	57,066
Earnings per share			
Basic	9	**5.9 HK cents**	8.4 HK cents
Diluted	9	**5.9 HK cents**	8.4 HK cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	UNAUDITED SIX MONTHS ENDED 31 MARCH	
	2024	2023
	HK$'000	HK$'000
Profit for the period	**40,067**	57,066
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**156**	2,557
Total comprehensive income for the period	**40,223**	59,623
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**40,293**	59,768
Non-controlling interests	**(70)**	(145)
	40,223	59,623

Condensed Consolidated Statement of Financial Position

	Notes	UNAUDITED AS AT 31 MARCH 2024 HK$'000	AUDITED AS AT 30 SEPTEMBER 2023 HK$'000
Non-current assets			
Intangible assets		**74,378**	74,727
Goodwill	11	**18,244**	29,673
Investment properties	12	**225,033**	225,033
Property and equipment	12	**100,206**	111,219
Right-of-use assets		**262,972**	316,024
Rental deposits		**32,136**	34,707
Deferred tax assets		**5,559**	5,221
		718,528	796,604
Current assets			
Inventories		**44,180**	46,594
Trade receivables	13	**31,183**	23,846
Contract costs		**52,019**	42,809
Prepayments		**13,062**	13,731
Other deposits and receivables		**20,835**	25,346
Current tax assets		**212**	2,066
Bank balances and cash		**395,955**	271,764
		557,446	426,156
Current liabilities			
Trade payables	14	**2,850**	3,784
Accruals and other payables		**87,647**	88,528
Provisions for restoration		**35,005**	31,630
Contract liabilities		**596,456**	491,632
Lease liabilities		**95,359**	103,966
Current tax liabilities		**22,427**	15,908
		839,744	735,448
Net current liabilities		**(282,298)**	(309,292)
Total assets less current liabilities		**436,230**	487,312
Capital and reserves			
Share capital	15	**68,055**	68,055
Reserves		**236,677**	244,023
Equity attributable to owners of the Company		**304,732**	312,078
Non-controlling interests		**730**	800
Total equity		**305,462**	312,878
Non-current liabilities			
Lease liabilities		**115,833**	159,192
Deferred tax liabilities		**14,935**	15,242
		130,768	174,434
		436,230	487,312

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Statutory fund reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 October 2022 (audited)	68,055	1,153	17,188	(1,766)	450	1,797	1,417	212,813	301,107	871	301,978
Profit (loss) for the period	–	–	–	–	–	–	–	57,211	57,211	(145)	57,066
Exchange differences arising on translation of foreign operations	–	–	2,557	–	–	–	–	–	2,557	–	2,557
Total comprehensive income (expenses) for the period	–	–	2,557	–	–	–	–	57,211	59,768	(145)	59,623
2022 final dividend paid	–	–	–	–	–	–	–	(51,041)	(51,041)	–	(51,041)
At 31 March 2023 (unaudited)	68,055	1,153	19,745	(1,766)	450	1,797	1,417	218,983	309,834	726	310,560

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium HK$'000**	**Exchange reserve HK$'000**	**Capital reserve HK$'000**	**Capital redemption reserve HK$'000**	**Statutory fund reserve HK$'000**	**Other reserve HK$'000**	**Retained profits HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 October 2023 (audited)	**68,055**	**1,153**	**16,519**	**(1,766)**	**450**	**1,797**	**1,417**	**224,453**	**312,078**	**800**	**312,878**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,137**	**40,137**	**(70)**	**40,067**
Exchange differences arising on translation of foreign operations	**–**	**–**	**156**	**–**	**–**	**–**	**–**	**–**	**156**	**–**	**156**
Total comprehensive income (expenses) for the period	**–**	**–**	**156**	**–**	**–**	**–**	**–**	**40,137**	**40,293**	**(70)**	**40,223**
2023 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(47,639)**	**(47,639)**	**–**	**(47,639)**
At 31 March 2024 (unaudited)	**68,055**	**1,153**	**16,675**	**(1,766)**	**450**	**1,797**	**1,417**	**216,951**	**304,732**	**730**	**305,462**

Condensed Consolidated Statement of Cash Flows

	UNAUDITED SIX MONTHS ENDED 31 MARCH	
	2024	2023
	HK$'000	HK$'000
Net cash from operating activities	**235,746**	131,791
Net cash used in investing activities:		
Purchase of property and equipment	**(11,670)**	(17,760)
Other investing cash flows	**5,073**	1,669
	(6,597)	(16,091)
Net cash used in financing activities:		
Dividend paid	**(47,639)**	(51,041)
Repayment of principal portion of lease liabilities	**(52,414)**	(52,667)
Repayment of interest portion of lease liabilities	**(5,009)**	(3,711)
Other financing cash flows	**–**	(1,761)
	(105,062)	(109,180)
Net increase in cash and cash equivalents	**124,087**	6,520
Cash and cash equivalents at beginning of the period	**271,764**	234,284
Effect of foreign exchange rate changes on cash and cash equivalents	**104**	2,552
Cash and cash equivalents at end of the period, represented by bank balances and cash	**395,955**	243,356

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

Water Oasis Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 27 September 2001 under the Companies Act (As Revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of this interim report. Its issued shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 March 2002.

The Company is an investment holding company. Its principal subsidiaries are engaged in the operations of treatment services including beauty salons, spas and medical beauty centres as well as the distribution of skincare products in Hong Kong, Macau and Mainland China.

The interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$") which is also the functional currency of the Company. The interim condensed consolidated financial statements were approved for issue by the Board of Directors (the "Board") on 29 May 2024.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30 September 2023.

3. ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 31 March 2024 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30 September 2023.

New and amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)")

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17 (including the October 2020, February 2022 and August 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

The application of these new and amendments to HKFRSs in the current interim period had no material impact on the amounts reported and/or disclosures set out in these interim condensed consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2023.

5. REVENUE AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, in respect of the Group's business operating segments based on the said information for the purposes of resources allocation and performance assessment, under HKFRS 8 are therefore as follows:

(i) Product segment – sales of skincare products

(ii) Service segment – provision of treatment services in beauty salons, spas and medical beauty centres

Disaggregation of revenue from contracts with customers

Revenue recognised during the period is as follows:

	Six months ended 31 March					
	Product segment		Service segment		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Timing of revenue recognition						
At a point of time	**80,182**	84,154	**–**	–	**80,182**	84,154
Over time	**–**	–	**423,252**	407,803	**423,252**	407,803
Total	**80,182**	84,154	**423,252**	407,803	**503,434**	491,957

Performance obligations for contracts with customers

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

	Six months ended 31 March							
	Product segment		Service segment		Elimination		Consolidated	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Sales to external customers	**80,182**	84,154	**423,252**	407,803	**–**	–	**503,434**	491,957
Inter-segment sales	**12,628**	17,902	**–**	–	**(12,628)**	(17,902)	**–**	–
Total	**92,810**	102,056	**423,252**	407,803	**(12,628)**	(17,902)	**503,434**	491,957
Segment results	**12,997**	10,860	**99,519**	108,780	**–**	–	**112,516**	119,640
Other income							**8,115**	4,664
Impairment loss on goodwill (note)							**(11,429)**	–
Other gains or losses							**(526)**	(981)
Finance costs							**(5,046)**	(4,002)
Central administrative costs							**(50,175)**	(46,468)
Profit before taxation							**53,455**	72,853

Note: Impairment loss on goodwill of HK$11,429,000 is related to product segment.

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

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

Geographical information

The Group's operations are located in Hong Kong, Macau and Mainland China.

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

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Hong Kong and Macau	**468,266**	451,015
Mainland China	**35,168**	40,942
	503,434	491,957

6. OTHER EXPENSES

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Auditor's remuneration	**905**	816
Amortisation of intangible assets	**349**	348
Bank charges	**23,436**	17,598
Marketing expenses	**11,874**	8,843
Expenses relating to		
– Short-term lease	**1,113**	3,137
– Low-value lease	**365**	564
Variable lease payments not included in the measurement of lease liabilities	**2,799**	2,554
Building management fees, government rent and rates	**16,420**	15,981
Cleaning and laundry	**4,092**	3,574
Transportation, storage and delivery	**3,391**	3,394
Printing, stationery and administration	**4,793**	4,150
Utilities and telecommunications	**2,508**	2,714
Others	**11,777**	11,181
	83,822	74,854

7. TAXATION

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Current tax		
Current period	**14,018**	20,543
Deferred tax	**(630)**	(4,756)
	13,388	15,787

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward from prior years, except for one subsidiary of the Group which is a qualifying group entity under the two-tiered profits tax rate regime.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

The People's Republic of China (the "PRC") Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2023: 25%) on the assessable profits.

Withholding tax has been imposed on dividends declared in respect of profits generated by companies established in the PRC from 1 January 2008 onwards. Deferred taxation has been provided for in respect of the undistributed profits from the Company's PRC subsidiaries accordingly.

8. PROFIT FOR THE PERIOD

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Profit for the period is stated at after charging:		
Amortisation of contract costs	**43,877**	42,748
Loss on fair value change of investment properties	**–**	114
Loss on fair value of financial assets at fair value through profit or loss	**–**	33
Loss on disposal/write-off of property and equipment, net	**–**	660
Impairment loss on:		
– Property and equipment	**10**	–
– Right-of-use assets	**567**	–
Depreciation:		
– Property and equipment	**22,507**	22,713
– Right-of-use assets	**55,845**	57,726
Net exchange loss	**–**	284
and after crediting:		
Net exchange gain	**26**	–
Gain on disposal of property and equipment, net	**25**	–
Interest income on bank deposits	**5,589**	1,897
Government subsidies	**–**	72
Rental income from investment properties net of negligible direct operating expenses	**1,837**	1,745

9. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share	**40,137**	57,211

	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	680,552,764	680,552,764

The basic and diluted earnings per share are the same because there is no potential ordinary shares during the six months ended 31 March 2024 and 2023.

10. DIVIDENDS

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Interim dividend declared after the end of the reporting period of 3.5 HK cents (2023: 7.0 HK cents) per share	**23,819**	47,639

During the six months ended 31 March 2024, a final dividend of 7.0 HK cents (2023: 7.5 HK cents) per share totalled approximately HK$47,639,000 was declared, approved and paid to shareholders of the Company in respect of the year ended 30 September 2023 (2023: HK$51,041,000 was declared, approved and paid to shareholders of the Company in respect of the year ended 30 September 2022).

At the Board meeting held on 29 May 2024, the directors declared an interim dividend of 3.5 HK cents (2023: 7.0 HK cents) per share payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 18 June 2024. This interim dividend is not reflected as dividend payable in the interim condensed consolidated financial statements as it was declared after the end of the reporting period.

11. GOODWILL

	HK$'000
COST	
At 1 October 2022, 30 September 2023 and 31 March 2024	30,159
IMPAIRMENT	
At 1 October 2022, 30 September 2023	486
Impairment loss recognised (note(a))	11,429
At 31 March 2024	11,915
CARRYING VALUE	
At 30 September 2023	29,673
At 31 March 2024	18,244

Note:

(a) The cash-generating units ("CGU"), CGU1A and CGU1B owns the distribution rights of a brand products in Hong Kong and Mainland China. According to the terms of the distribution agreement between the Group and the supplier, the distribution right in Mainland China will not be renewed upon the expiration of the distribution agreement. The management of the Group concluded there was indication for impairment and conducted impairment assessment on carrying amounts of CGUs by assessing the recoverable amounts of the CGUs based on value-in-use calculation, which is determined to be higher than its fair value less cost of disposed.

The goodwill of CGUs arising on the acquisition of subsidiaries during the year ended 30 September 2021 was amounted to HK$11,429,000.

The recoverable amount of CGU1A uses cash flow projections based on financial budgets approved by management covering a 5-year period at a pre-tax discount rate of 21.8% (2023: 21.8%). Revenue growth rate in the first five years and long-term growth rate beyond 5-year period of zero are used in CGU1A's cashflows.

The recoverable amount of CGU1B uses cash flow projections based on financial budgets approved by management covering a 1-year period at a pre-tax discount rate of 21.8% (2023: 5-year period at a pre-tax discount rate of 21.8%). Revenue growth rate in the covering 1-year period of zero is used in CGU1B's cashflows.

Based on the result of the assessment, the Group recognised impairment loss of HK$12,006,000 related to the CGUs. Goodwill related to CGUs of HK$11,429,000 has been fully impaired and impairment amounting to HK$10,000 and HK$567,000 have been recognised in respect of property and equipment and right-of-use assets of the CGUs respectively to the extent the carrying amount of the assets are not reduced below the highest of its fair value less costs of disposal, its value in use and zero.

Except for note(a), the management of the Group has determined that there are no other impairment required to be recognised for its CGUs containing goodwill or trademarks with indefinite useful lives.

12. INVESTMENT PROPERTIES AND PROPERTY AND EQUIPMENT

During the six months ended 31 March 2024, the Group incurred capital expenditure of approximately HK$11,670,000 for property and equipment (six months ended 31 March 2023: HK$17,760,000).

The Group's investment properties were revalued based on a valuation as of 31 March 2024 carried out by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer not connected with the Group. No change in fair value of investment properties was noted (six months ended 31 March 2023: decrease of HK$114,000).

13. TRADE RECEIVABLES

The Group generally allows its trade debtors' credit terms of 30 days to 180 days. The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates, at the end of the reporting period:

	As at 31 March 2024 HK$'000	As at 30 September 2023 HK$'000
0 to 30 days	**25,096**	17,369
31 to 60 days	**1,740**	1,996
61 to 90 days	**1,168**	1,177
91 to 120 days	**1,217**	1,488
121 to 150 days	**981**	1,134
151 to 180 days	**706**	628
Over 180 days	**275**	54
	31,183	23,846

14. TRADE PAYABLES

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

	As at 31 March 2024 HK$'000	As at 30 September 2023 HK$'000
0 to 30 days	**2,577**	3,217
31 to 60 days	**243**	485
Over 60 days	**30**	82
	2,850	3,784

15. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 October 2022, 31 March 2023, 1 October 2023 and 31 March 2024	2,000,000,000	200,000
Issued and fully paid:		
At 1 October 2022, 31 March 2023, 1 October 2023 and 31 March 2024	680,552,764	68,055

16. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	As at 31 March 2024 HK$'000	As at 30 September 2023 HK$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the interim condensed consolidated financial statements	**183**	2,824

(b) Commitments and arrangements under operating leases

As at 31 March 2024 and 30 September 2023, the Group had total future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties:

As lessors **Rental receipts**	As at 31 March 2024 HK$'000	As at 30 September 2023 HK$'000
Not later than 1 year	**3,712**	2,468
More than 1 year but not later than 2 years	**2,814**	678
More than 2 years but not later than 3 years	**2,656**	–
	9,182	3,146

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

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Six months ended 31 March	
	2024	2023
	HK$'000	HK$'000
Directors' fee	**500**	500
Basic salaries	**4,234**	4,084
Bonuses	**10,181**	5,542
Retirement benefit costs	**9**	9
	14,924	10,135

The above related party transaction was fully exempted connected transaction under Chapter 14A of the Listing Rules.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

19. EVENT AFTER THE REPORTING PERIOD

There is no significant subsequent event after the reporting period.

Other Information

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of 3.5 HK cents per share for the six months ended 31 March 2024 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 18 June 2024. The Register of Members will be closed on Monday, 17 June 2024 and Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be registered.

To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 June 2024. The relevant dividend warrants will be dispatched to shareholders on Thursday, 4 July 2024.

AUDIT COMMITTEE

The Company's Audit Committee comprises Prof. Wong Lung Tak, Patrick, Mr. Wong Chun Nam, Duffy, Dr. Wong Chi Keung and Dr. Chan Chi Kau, Johnnie Casire who are the independent non-executive directors of the Company. The Audit Committee is chaired by Prof. Wong Lung Tak, Patrick.

It is responsible for the appointment of the external auditor, review of the Group's financial information and overseeing the Group's financial reporting system, risk management and internal control systems. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. The Board has delegated its responsibilities to the Audit Committee to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the directors and employees; to review and monitor the training and continuous professional development of directors and senior management and to review the Company's compliance with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code") and disclosures in the corporate governance report.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited consolidated results of the Group for the six months ended 31 March 2024 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the interim condensed consolidated financial statements of the Group for the six months ended 31 March 2024. It has also reviewed this report.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26 June 2006. The Remuneration Committee comprises all independent non-executive directors of the Company and is chaired by Mr. Wong Chun Nam, Duffy.

The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. It also makes recommendations to the Board on the remuneration of non-executive directors.

INVESTMENT ADVISORY COMMITTEE

To establish better control on the Group's investment portfolio, an Investment Advisory Committee was established on 15 November 2007. The members of the Investment Advisory Committee comprise all independent non-executive directors of the Company and Mr. Yu Kam Shui, Erastus, an executive director of the Company, and is chaired by Dr. Wong Chi Keung.

The objectives of this committee are to set guidelines on the portfolio mix of the Group's investments for the daily execution of investment decisions and monitoring of the investment portfolio. The Committee members meet and review the investment directions and the portfolio mix as well as evaluate the performance of the investment portfolio.

NOMINATION COMMITTEE

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

It is responsible for making recommendations to the Board on nominations, appointment or re-appointment of directors and succession planning for directors. The principal duties of the Nomination Committee include reviewing the structure, size, diversity and composition (including the skills, knowledge and experience) of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and assessing the independence of independent non-executive directors.

DISCLOSURE COMMITTEE

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

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

Name of directors and chief executive	Name of companies in which interests are held	Capacity in which interests are held	Number and class of shares			Total	Approximate percentage of issued share capital
			Personal interests	Family interests	Corporate interests		
Yu Kam Shui, Erastus	The Company	Beneficial owner	10,166,000 ordinary	–	–	10,166,000 ordinary	1.49%
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of controlled corporations	17,930,000 ordinary[(1)]	–	155,333,760 ordinary[(1)]	173,263,760 ordinary	25.46%
	Water Oasis Company Limited	Beneficial owner	165,000 non-voting deferred	–	–	165,000 non-voting deferred	–
Lai Yin Ping	The Company	Interest of spouse	–	10,166,000 ordinary[(2)]	–	10,166,000 ordinary	1.49%
Tam Siu Kei	The Company	Beneficial owner and interest of spouse	7,008,000 ordinary	2,294,000 ordinary[(3)]	–	9,302,000 ordinary	1.37%
Wong Chun Nam, Duffy	The Company	Beneficial owner and interest of spouse	600,000 ordinary	410,000 ordinary[(4)]	–	1,010,000 ordinary	0.15%
Wong Lung Tak, Patrick	The Company	Beneficial owner	494,000 ordinary	–	–	494,000 ordinary	0.07%

Notes:

(1) 17,930,000 shares are registered in the name of Ms. Yu Lai Chu, Eileen and 155,333,760 shares are registered in the name of Zinna Group Limited, a company incorporated in Hong Kong. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, a British Virgin Islands company which is 80% owned by Ms. Yu Lai Chu, Eileen and 20% owned by her son, Mr. Tam Yue Hung.

(2) These shares are registered in the name of Mr. Yu Kam Shui, Erastus, the husband of Ms. Lai Yin Ping.

(3) These shares are registered in the name of Ms. Leung Pui Yi, the wife of Mr. Tam Siu Kei.

(4) These shares are jointly registered in the name of Mr. Wong Chun Nam, Duffy and his wife Ms. Chiu Ching Wa, Tina.

As at 31 March 2024, save as disclosed above, none of the directors, chief executive or any of their close associates had any interests and short positions, whether beneficial or non-beneficial, in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company does not have any share options scheme.

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

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

As at 31 March 2024, the following persons and corporations, other than a director or the chief executive of the Company as disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", had an interest and short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or, who/which was, directly or indirectly, with 5% interest or more of the issued share capital of the Company:

Long position in the shares of the Company

Name of substantial shareholders	Capacity/ Nature of interest	Number of issued ordinary shares	Approximate percentage of issued share capital
Yu Lai Si[(1)]	Beneficial owner/ Personal interest	166,113,760	24.41%
Zinna Group Limited[(2)]	Registered owner/ Personal interest	155,333,760	22.82%
Billion Well Holdings Limited[(3)]	Registered owner/ Personal interest	75,666,880	11.11%
Lai Yin Ling[(4)]	Interest of controlled corporations/ Corporate interest	107,757,760	15.83%

Notes:

(1) Ms. Yu Lai Si is the sister of Mr. Yu Kam Shui, Erastus and Ms. Yu Lai Chu, Eileen, both being the executive directors of the Company and the aunt of Mr. Tam Siu Kei, an executive director of the Company and the chief executive officer of the Company.

(2) Zinna Group Limited is a company incorporated in Hong Kong. All of its voting rights are held by Royalion Worldwide Limited, a British Virgin Islands company which is 80% owned by Ms. Yu Lai Chu, Eileen, an executive director of the Company and 20% owned by her son, Mr. Tam Yue Hung.

(3) Billion Well Holdings Limited is a British Virgin Islands company beneficially owned by Ms. Lai Yin Ling, the sister of Ms. Lai Yin Ping and the sister-in-law of Mr. Yu Kam Shui, Erastus, both being the executive directors of the Company.

(4) Ms. Lai Yin Ling is deemed to have interested in 107,757,760 shares held through Advance Favour Holdings Limited and Billion Well Holdings Limited, her controlled corporations. Ms. Lai Yin Ling is the sister of Ms. Lai Yin Ping and the sister-in-law of Mr. Yu Kam Shui, Erastus, both being the executive directors of the Company.

Save as disclosed above and so far as the directors and the chief executive of the Company were aware of, as at 31 March 2024, no other person who or corporation which (other than a director and the chief executive of the Company) had any interests and short positions in the shares and underlying shares of the Company which would, pursuant to section 336 of the SFO, were required to be entered in the register referred to therein.

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

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with, where applicable, the code provisions set out in Part 2 of the CG Code during the period under review.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code. Following a specific enquiry by the Company, all directors confirmed that they had complied with the Model Code for transactions in the Company's securities throughout the period under review.

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

By Order of the Board
Water Oasis Group Limited
Tam Siu Kei
Executive Director and Chief Executive Officer

Hong Kong, 29 May 2024

Corporate Information

DIRECTORS

Executive Directors

Yu Kam Shui, Erastus
Tam Siu Kei *(Chief Executive Officer)*
Yu Lai Chu, Eileen
Lai Yin Ping

Independent Non-executive Directors

Wong Lung Tak, Patrick, B.B.S., J.P.
Wong Chun Nam, Duffy, B.B.S., J.P.
Wong Chi Keung
Chan Chi Kau, Johnnie Casire, S.B.S., B.B.S., J.P.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

INVESTMENT ADVISORY COMMITTEE

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

NOMINATION COMMITTEE

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

DISCLOSURE COMMITTEE

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

COMPANY SECRETARY

Lee Pui Shan (resigned with effect from 2 January 2024)
Wong Hei Pui, Andy
(appointed with effect from 2 January 2024)

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Deacons
Reed Smith Richards Butler

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

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

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280 Gloucester Road
Causeway Bay
Hong Kong

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