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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 30 September 2024 increased by 0.7% to approximately HK$983.2 million when compared with that of last financial year. The increase in revenue was driven by the contribution of the beauty services segment.

- During this year, Hong Kong was an environment of muted economic activity and low confidence, with job concerns rife and worries about housing prices and the stock market weighing heavily on many people's minds. Against this backdrop, it is encouraging to report that the Group was able to increase its overall revenue year-on-year and achieve satisfactory growth in most of its major brands.

- During the year under review, the ratio of products to beauty services in the Group's portfolio went from 15.6% to 84.4% a year ago to 13.2% to 86.8%. Due to good performances by its major beauty services brands, the Group's gross profit margin also rose year-on-year, from 90.2% to 91.6%.

- Core expenses continued at similar levels to the previous year. Rental expenses declined slightly, from 16.9% to 16.2% of revenue, as market rents continued to soften to reflect the weak economy and the Group closed some outlets.

- The Group recognised a non-cash goodwill impairment loss of approximately HK$11.4 million due to its decision to end the distributor agreement for the HABA brand in Mainland China. This strategic decision aims to improve long-term profitability by focusing efforts in Hong Kong, where the Group has a strong presence and growth prospects.

- The Group conducted a management review of the valuation of its investment properties, which resulted in a non-cash revaluation loss of approximately HK$33.0 million. This decision aligns the book value of the properties with their current fair market value, reflecting the weak state of the Hong Kong property market.

- Profit for the year amounted to HK$68.1 million, representing a decrease of 38.2% when compared with that of last financial year.

- Recommend the payment of a final dividend of 2.0 HK cents per share.

OPERATION HIGHLIGHTS

Beauty Services Business

- As at 30 September 2024, the Group including the brands of Glycel, Oasis Beauty, Oasis Medical Centre, Oasis Spa, Oasis Dental, spa ph+ and AesMedic Clinic operates a total of 51 beauty centres in Hong Kong, 2 outlets in Macau as well as 3 outlets in Mainland China.

- Regular roll-out of new and often innovative treatments of Oasis Beauty centres, supported by strong marketing and promotion initiatives, saw Oasis Beauty maintain a steady performance throughout the year without noticeable fluctuations in performance.

- In the year, the number of Oasis Beauty centres in Hong Kong remained steady at 15.

Product Sales Business

- As at 30 September 2024, the Group operates a total of 4 retail outlets located in Hong Kong comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo and HABA.

- During the year under review, the HABA outlet in Sogo was relocated to Eurobeauté outlet. The Group closed 2 of its HABA outlets in Hong Kong located in Shatin and Tsim Sha Tsui while 1 Erno Laszlo outlet in Shatin was also closed. These outlet rationalisations are wise measures given the current challenging market and will improve the Group's long-term profitability.

Outlook

- Looking ahead, current Hong Kong situation as likely to remain severely challenging for the longer term. The Group will look for ways to further mitigate the risks associated with the current state of affairs, paying close attention to the profitability of its outlets and new customer trends. The Group will remain proactive and flexible and maintain its long tradition of financial prudency.

- The Group will maintain its historical focus on delivering nothing but top quality, industry-leading standards at the level of service, treatments and products, and advanced technology. This involves continuing to invest in the latest beauty equipment and technology, and maintaining its outlets as premium luxury venues.

- The Group will continue to invest in and expand its marketing efforts, and work harder than ever to engage with customers. The Group has already lifted its advertising expenditure as a percentage of revenue in acknowledgement of just how important these connections are for its business.

- The Group is totally committed to delivering premium quality beauty services and products tailored for Hong Kong consumers, and believes the Group has the reputation, the skills and the management expertise to maintain its industry-leading position while generating solid returns for shareholders.

AUDITED FINANCIAL RESULTS

The board of directors (the "Board") of Water Oasis Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 30 September 2024 (the "Consolidated Financial Statements") as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the year ended 30 September	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**983,215**	976,572
Purchases and changes in inventories of finished goods		**(83,022)**	(95,653)
Other income		**17,053**	10,312
Impairment loss on goodwill		**(11,429)**	–
Loss on fair value change of investment properties		**(32,992)**	(1,035)
Other gains or losses		**(464)**	(1,798)
Staff costs		**(448,617)**	(426,896)
Depreciation		**(155,445)**	(160,607)
Finance costs	*4*	**(9,174)**	(9,032)
Other expenses	*5*	**(161,323)**	(151,895)
Profit before taxation		**97,802**	139,968
Taxation	*6*	**(29,715)**	(29,719)
Profit for the year	*7*	**68,087**	110,249
Profit for the year attributable to:			
Owners of the Company		**68,285**	110,320
Non-controlling interests		**(198)**	(71)
		68,087	110,249

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

		For the year ended 30 September	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Profit for the year		**68,087**	110,249
Other comprehensive income (expenses):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,049**	(669)
Total comprehensive income for the year		**70,136**	109,580
Total comprehensive income for the year attributable to:			
Owners of the Company		**70,334**	109,651
Non-controlling interests		**(198)**	(71)
		70,136	109,580
Earnings per share			
Basic	*8*	**10.0 HK cents**	16.2 HK cents
Diluted	*8*	**10.0 HK cents**	16.2 HK cents

Consolidated Statement of Financial Position

		As at 30 September	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Intangible assets		**74,240**	74,727
Goodwill		**18,244**	29,673
Investment properties		**192,041**	225,033
Property and equipment		**82,460**	111,219
Right-of-use assets		**222,175**	316,024
Rental deposits		**31,815**	34,707
Deferred tax assets		**5,027**	5,221
		626,002	796,604
Current assets			
Inventories		**44,992**	46,594
Trade receivables	*10*	**16,535**	23,846
Contract costs		**47,953**	42,809
Prepayments		**8,212**	13,731
Other deposits and receivables		**16,670**	25,346
Current tax assets		**555**	2,066
Bank balances and cash		**485,156**	271,764
		620,073	426,156
Current liabilities			
Trade payables	*11*	**2,045**	3,784
Accruals and other payables		**95,283**	88,528
Provisions for reinstatement costs		**34,640**	31,630
Contract liabilities		**579,856**	491,632
Lease liabilities		**83,812**	103,966
Current tax liabilities		**35,096**	15,908
		830,732	735,448
Net current liabilities		**(210,659)**	(309,292)
Total assets less current liabilities		**415,343**	487,312

Consolidated Statement of Financial Position (Continued)

	As at 30 September	
	2024	2023
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**68,055**	68,055
Reserves	**242,899**	244,023
Equity attributable to owners of the Company	**310,954**	312,078
Non-controlling interests	**602**	800
Total equity	**311,556**	312,878
Non-current liabilities		
Lease liabilities	**87,995**	159,192
Deferred tax liabilities	**15,792**	15,242
	103,787	174,434
	415,343	487,312

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis as at 30 September 2024, as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

2. CHANGES IN ACCOUNTING POLICIES

(a) New and amendments to standards that are mandatorily effective for the current year

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

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	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the new and amendments to standards does not have any significant impact on the Group's financial positions and performance for the current and prior years but affect the disclosure of accounting policies of the Group as described below.

Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

Amendments to HKAS 1 and HKFRS Practice Statement 2 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. HKFRS Practice Statement 2 "Making Materiality Judgements" provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

(b) New and amendments to standards issued but not yet effective

The Group has not early applied the following new and amendments to standards that have been issued but are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[3]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company are in the process of making an assessment of the impact of these new and amendments to standards upon initial application but is not yet in the position to state whether and/how these would impact the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	Sales of skincare products		Provision of treatment services		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Time of revenue recognition						
At a point of time	**130,071**	152,815	**–**	–	**130,071**	152,815
Over time	**–**	–	**853,144**	823,757	**853,144**	823,757
	130,071	152,815	**853,144**	823,757	**983,215**	976,572

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 information for the purposes of resources allocation and performance assessment, under HKFRS 8 are as follows:

(i) Product segment — the sales of skincare products
(ii) Service segment — provision of treatment services in beauty salons, spas and medical beauty centres

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

	Product segment		Service segment		Elimination		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**130,071**	152,815	**853,144**	823,757	**–**	–	**983,215**	976,572
Inter-segment sales	**21,894**	27,991	**–**	–	**(21,894)**	(27,991)	**–**	–
Total	**151,965**	180,806	**853,144**	823,757	**(21,894)**	(27,991)	**983,215**	976,572
Segment results	**11,868**	17,730	**219,562**	212,030	**–**	–	**231,430**	229,760
Other income							**17,053**	10,312
Impairment loss on goodwill *(note)*							**(11,429)**	–
Loss on fair value change of investment properties							**(32,992)**	(1,035)
Other gains or losses							**(464)**	(1,798)
Finance costs							**(9,174)**	(9,032)
Central administrative costs							**(96,622)**	(88,239)
Profit before taxation							**97,802**	139,968

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, loss on fair value change of investment properties, 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 and terms determined.

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

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

	Revenue	
	2024	2023
	HK$'000	*HK$'000*
Hong Kong and Macau	**922,614**	904,363
Mainland China	**60,601**	72,209
	983,215	976,572

4. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest expenses on secured mortgage loan	**–**	42
Interest expenses on lease liabilities	**9,098**	8,984
Other interest expenses	**76**	6
	9,174	9,032

5. OTHER EXPENSES

	2024	2023
	HK$'000	*HK$'000*
Auditor's remuneration	**1,719**	1,632
Amortisation of intangible assets	**695**	697
Bank charges	**41,855**	35,027
Marketing expenses	**22,365**	19,891
Expenses relating to		
— Short-term lease	**3,078**	6,116
— Low-value lease	**–**	781
— Variable lease payments not included in the measurement of lease liabilities	**4,324**	5,029
Building management fees, government rent and rates	**32,893**	31,898
Cleaning and laundry	**8,338**	7,416
Transportation, storage and delivery	**6,326**	6,648
Printing, stationery and administration	**10,503**	8,684
Utilities and telecommunications	**5,084**	5,556
Others	**24,143**	22,520
	161,323	151,895

6. TAXATION

	2024	2023
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**23,706**	24,453
The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	**5,050**	13,232
Under/(Over) provision in prior years	**208**	(425)
	28,964	37,260
Deferred tax	**751**	(7,541)
	29,715	29,719

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

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The PRC EIT 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.

7. PROFIT FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Profit for the year is stated at after charging:		
Impairment loss on:		
— Property and equipment	**10**	–
— Right-of-use assets	**567**	–
Depreciation:		
— Property and equipment	**44,779**	47,303
— Right-of-use assets	**110,666**	113,304
and after crediting:		
Interest income on bank deposits	**12,068**	5,012
Interest income on rental deposits	**1,090**	963
Rental income from investment properties net of negligible direct operating expenses	**3,677**	3,502

8. 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:

	2024	2023
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**68,285**	110,320

	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

9. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Interim dividend declared and paid of 3.5 HK cents (2023: 7.0 HK cents) per share	**23,819**	47,639
Final dividend proposed after the end of the reporting period of 2.0 HK cents (2023: 7.0 HK cents) per share	**13,611**	47,639
	37,430	95,278

The 2024 final dividend of 2.0 HK cents (2023: 7.0 HK cents) per share, amounting to approximately HK$13,611,000 (2023: HK$47,639,000), has been proposed by the directors of the Company after the end of the reporting period and is subject to approval by the shareholders in the annual 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 30 September 2024 were approximately HK$71,458,000 (2023: HK$98,680,000).

10. TRADE RECEIVABLES

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

	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**11,276**	17,369
31 to 60 days	**1,562**	1,996
61 to 90 days	**880**	1,177
91 to 120 days	**1,021**	1,488
121 to 150 days	**1,259**	1,134
151 to 180 days	**488**	628
Over 180 days	**49**	54
	16,535	23,846

11. TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**2,029**	3,217
31 to 60 days	**3**	485
Over 60 days	**13**	82
	2,045	3,784

The 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.

12. EVENT AFTER THE REPORTING PERIOD

There is no significant subsequent event after the reporting period.

MANAGEMENT DISCUSSION & ANALYSIS

Hong Kong, the Group's core market, presented a difficult environment in the year 2023–24. It was an environment of muted economic activity and low confidence, with job concerns rife and worries about housing prices and the stock market weighing heavily on many people's minds. Increasingly too HK residents have been using easy access to the Greater Bay Area to head out of Hong Kong on the weekends, spending their money outside the city; others have increasingly been travelling to nearby destinations like Japan or Taiwan. For many sectors, including the beauty services and products industry, these trends have disrupted customer flows and translated into a struggle for profitability.

Against this backdrop, it is encouraging to report that the Group was able to increase its overall revenue year-on-year and achieve satisfactory growth in most of its major brands. This performance was driven by its beauty services segment, which continued to rise as a percentage of overall revenue in 2023-24. As at 30 September 2024, the percentage of services in the Group's product/service mix had risen to 86.8%, from 84.4% a year earlier. This increase in service revenue directly worked to increase the gross profit margin, which rose from 90.2% to 91.6% year on year.

Core expenses continued at similar levels to the previous year. Rental expenses declined slightly, from 16.9% to 16.2% of revenue, as market rents continued to soften to reflect the weak economy and the Group closed some stores. Depreciation costs of property and equipment remained similar to the previous year (4.6% against 4.8% last year), as the Group's policy of regularly replacing/upgrading equipment and renovating outlets continued at a similar level to previous years. Once again staff costs rose, reflecting a very tight labour market in Hong Kong as well as the Group's determination to retain its best staff by offering generous incentives. This was despite a fall in actual staff numbers, from 1,073 to 914, following the closure of some outlets.

New advertising campaigns were launched in the year that helped push up the Group's advertising expenditure as a percentage of revenue from 1.7% to 2.1%. This was money well spent, with the campaigns and marketing initiatives proving effective at capturing new customers and enhancing the image of various of the Group's brands.

When the above factors are taken into consideration, it is pleasing to record an increase in the Group's underlying core profit. However, during the year the Group recognised non-cash impairment losses that had an impact on its net profit for the year. The first, previously reported in the interim report, was a non-cash goodwill impairment loss relating to the Group's decision to end its distributor agreement for the HABA brand for Mainland China, beginning from 31 March 2025. As announced, this decision was a strategic one through which the Group expects to improve its long-term profitability by concentrating its business efforts in Hong Kong, where it has a strong presence, high recognition, and clearly identifiable growth prospects.

The second related to a management review of the valuation of the Group's investment properties, given the current weak state of the Hong Kong property market. The exercise gave rise to a non-cash revaluation loss for the year, aligning the book value of the properties with their current fair market value. The effect of these impairment losses was to lower the Group's net profit year-on-year. However, if these non-cash items are excluded, the Group in fact registered an increase in its core underlying operating profit for the year.

As at 30 September 2024 the Group held bank balances and cash of approximately HK$485.2 million in total. The Group is currently debt-free. The Board has recommended the payment of a final dividend of 2.0 HK cents per share, bringing the full-year dividend to 5.5 HK cents (2023: 14.0 HK cents) per share.

BUSINESS REVIEW

Beauty Services

OASIS Portfolio

Under the Group's extensive 'Oasis' portfolio of beauty brands and related wellness and lifestyle services, the most significant are its flagship Oasis Beauty and Oasis Spa brands, which provide high quality full-service beauty treatment services at locations across Hong Kong. Alongside these are its Oasis Medical Centres, offering specialist medical beauty treatments under the supervision of registered doctors. Other Oasis brands, operating on a smaller scale, include Oasis Homme, Oasis Hair Spa, Oasis Dental, Oasis Health, Oasis Nail and Oasis Florist.

Oasis Beauty centres performed well across the year, boosted by the regular introduction of new products and treatments. A series of 'Royal Poland' Bio-Rejuvenating treatments were rolled out in January that proved popular among customers, while 'Milan' reshaping therapy introduced in May offered new body slimming options. In September, a range of 'Push-Up, 'Tone-Up' and 'Slim-Up' treatments were launched that provided a diverse array of enhancement treatments for bust firmness, abdominal slimming, joint tension, tendon fatigue, lymphatic circulation and fat reduction. This regular roll-out of new and often innovative treatments, supported by strong marketing and promotion initiatives, saw Oasis Beauty maintain a steady performance throughout the year without noticeable fluctuations in performance.

Oasis Medical Centres continued to maintain their reputation for highly professional medical beauty services, overseen by registered doctors. Highlight new treatments available at Oasis Medical Centres in the year included a host of HIFU Gold face, neck and jaw treatments to boost firmness and add youthfulness, rolled out in January. Further new offerings were made available in September, including the Plasonic Exosome Face Regeneration Treatment which stimulates various regenerative process in the skin by stimulating collagen production and enhancing cellular renewal.

In the year, the number of Oasis Beauty centres in Hong Kong remained steady at 15. The Group closed 1 centre in Macau, leaving 1 in operation there. 3 self-managed Oasis Beauty centres continue to operate in Beijing in the PRC. Meanwhile, the number of Oasis Medical Centres in Hong Kong reduced to 9, from 10 a year earlier.

Other Oasis brands in operation in the year included 3 high-end Oasis Spas, 4 Oasis Hair Spas, which operate inside Oasis Beauty premises and offering premium hair and scalp treatments, 2 Oasis Homme outlets for men, and 1 Oasis Dental.

Glycel

The Group's Glycel brand generates revenue primarily from its Skinspa treatment operations and sales of Glycel-branded products. It performed well in the year, and captured customer interest with a steady roll-out of new products and treatments, all widely supported by effective advertising and promotion campaigns. A series of Cellu M6 revitalising treatments in January were followed by the i-Yoga series in March, offering stretching and muscle relief treatments for the back and limbs. Further i-Yoga treatments were rolled out in June and August, extending the scope of the treatments to cover all parts of the body. Other highlights included the 6D extra treatments (Nourishing Heat, Cool Rejuvenating and Black Obsidian) from May, delivering nourishing and repairing treatments for the face. Glycel customers thus had a very extensive and multi-functional range of treatment options to choose from throughout the year.

As at 30 September 2024, the Group was operating 14 Glycel outlets in Hong Kong and a further 1 in Macau.

spa ph+ and AesMedic Clinic

The Group has 4 spa ph+ beauty service centres in Hong Kong, a brand it gained upon the acquisition of the Millistrong Group. The spa ph+ was another steady performer in the year, supported by a strong rollout of treatment plans. The Group also operates 1 AesMedic Clinic, also from the Millistrong acquisition, which is a medical beauty centre. It too continued to perform strongly throughout the year.

Product sales

As noted above, the Group's focus has continued to swing towards beauty services, with this year its stable of self-owned and distribution-licensed retail beauty brands contributing just 13.2% of revenue for the year, down from 15.6% a year earlier. The lower percentage of retail sales does reflect a market environment of sluggish sales. At the same time, the Group has continued to streamline and rationalise its retail brand outlets, leading to it having fewer retail outlets in operation at the end of the year than a year earlier.

Key brands retailed by the Group include Glycel and Eurobeauté. Glycel products are primarily sold in Glycel Skinspas, as part of or extensions to the spa treatments available there. Similarly, Eurobeauté products are no longer sold at retail outlets but as part of Oasis Beauty centre treatments. Both brands benefited from the good performances of the beauty services sector this year, recording satisfactory sales growth year on year.

PROSPECTS

The Group is quietly satisfied with its performance for the past 12 months, but sees the current Hong Kong situation as likely to remain severely challenging for the longer term, and there is no guarantee that consistently good results can be maintained in the months ahead. There are few signs of big improvements in the economy, and current trade tensions between the United States of America and China are unlikely to help the recovery process.

Given the situation, the Group will adopt a three-pronged strategy going forward. In the first place, it will look for ways to further mitigate the risks associated with the current state of affairs, paying close attention to the profitability of its outlets and new customer trends. It will remain proactive and flexible, ready to address market uncertainties and new trends as they arise. It will also maintain its long tradition of financial prudency, which sees the Group debt-free and hence unburdened by the high interest rate costs of the past few years.

Secondly, it will maintain its historical focus on delivering nothing but top quality, industry-leading standards at the level of service, treatments and products, and advanced technology. This involves continuing to invest in the latest beauty equipment and technology, and maintaining its outlets as premium luxury venues. The Group has built a reputation as an industry leader on the basis of its reliable, high quality offerings that meet the needs of a wide range of the public. It will continue to position itself at the top, gaining the confidence of customers.

Thirdly, it will continue to invest in and expand its marketing efforts, and work harder than ever to engage with customers. It has already lifted its advertising expenditure as a percentage of revenue in acknowledgement of just how important these connections are for its business. It does see this increased engagement with customers as vital in the current environment.

The Group remains totally committed to delivering premium quality beauty services and products tailored for Hong Kong consumers, and believes it has the reputation, the skills and the management expertise to maintain its industry-leading position while generating solid returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity and financial resources position continues to remain strong. Its cash and bank deposits as at 30 September 2024 mainly denominated in Hong Kong dollars amounted to approximately HK$485.2 million (2023: HK$271.8 million). The Group generally finances its operation with internally generated resources.

As at 30 September 2024, the gearing ratio, expressed as a percentage of outstanding loan over total equity was nil (2023: nil).

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.

PLEDGE OF ASSET

There was no pledge of asset of the Group as at 30 September 2024. As at 30 September 2023, the carrying amount of Group's assets amounted to HK$225.0 million was pledged to secure a mortgage loan granted to the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 30 September 2024.

CAPITAL COMMITMENTS

The Group had capital commitments of HK$3.9 million as at 30 September 2024 (2023: HK$2.8 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed 914 staff (2023: 1,073 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options (if any) may also be granted to eligible staff based on individual and Group performance. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs.

The 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.

FINAL DIVIDEND

The Board has proposed a final dividend of 2.0 HK cents per share for the year ended 30 September 2024. The proposed final dividend, if approved at the forthcoming annual general meeting on Monday, 20 January 2025 (the "AGM"), will be dispatched to the shareholders whose names appear on the register of members of the Company (the "Register of Members") at the close of business on Monday, 10 February 2025.

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the AGM, the Register of Members will be closed from Wednesday, 15 January 2025 to Monday, 20 January 2025, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 January 2025.

(ii) For determining the entitlement of the proposed final dividend, the Register of Members will be closed on Tuesday, 4 February 2025 to Monday, 10 February 2025, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 February 2025. The relevant dividend warrants will be dispatched to shareholders on Tuesday, 25 February 2025.

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 has reviewed the accounting principles and practices adopted by the Group and the audited Consolidated Financial Statements with management and discussed with the independent auditor on auditing, internal control and financial reporting matters in respect of the Consolidated Financial Statements.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2024 as set out in this announcement have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the audited Consolidated Financial Statements. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement.

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

During the year ended 30 September 2024, the Company did not redeem any of the listed securities of the Company nor did the Company or its subsidiaries purchase or sell any such securities.

Neither the Company nor its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any rights in relation to convertible securities, options, warrants or similar rights during the year ended 30 September 2024.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 September 2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Following a specific enquiry by the Company, each of the directors confirmed that he/she complied with the Model Code for transactions in the Company's securities throughout the year ended 30 September 2024.

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

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

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkexnews.hk and the designated website of the Company at www.wateroasis.com.hk respectively. The annual report of the Company for the year ended 30 September 2024 will be available on the HKEx's and the Company's websites in due course.

By Order of the Board
WATER OASIS GROUP LIMITED
Tam Siu Kei
Executive Director and Chief Executive Officer

Hong Kong, 16 December 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..