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 2025

### FINANCIAL HIGHLIGHTS

- The Group was able to achieve a relatively stable revenue across the six-month period, total revenue fell slightly by 2.2% in comparison with the same period last year, to approximately HK$492.2 million (six months ended 31 March 2024: HK$503.4 million).
- The Group's gross profit margin has continued to climb, up to 92.0% from 90.2% previously. This reflects an even higher ratio of beauty services to beauty products in the Group's sales mix, with beauty services now representing 87.8% of all sales (2024: 84.1%), and beauty products 12.2% (2024: 15.9%).
- Net profit for the period rose to HK$55.5 million, as against HK$40.1 million for the same period last year.
- The Group's steady bottom line results were mainly due to the absence of non-cash goodwill impairment (2024: HK$11.5 million).
- As at 31 March 2025, the Group had approximately HK$632.5 million in cash in hand.
- Recommend the payment of an interim dividend of 3.5 HK cents per share (six months ended 31 March 2024: 3.5 HK cents).

## OPERATION HIGHLIGHTS

**Beauty Services Business**

- As at 31 March 2025, the Group was operating 15 Oasis Beauty centres, 2 Oasis Homme centres, 4 Oasis Hair Spas, 9 Oasis Medical Centres, 3 Oasis Spas and 1 Oasis Dental clinic. Other non-Oasis branded beauty services locations operated by the Group are 14 Glycel beauty centres, 4 spa ph+ centres and 1 AesMedic Clinic. In total, the Group had a total of 53 beauty centre operations in Hong Kong at period-end.

- All the Group's beauty services brands performed steadily across the period, despite the macro challenges that suppressed retail spending in Hong Kong. Most of the brands saw an increase in their turnover for the period, reflecting strong marketing initiatives and consistent levels of service excellence that helped to cement customer loyalty.

- The Group's consolidation and relocation of its beauty services outlets had largely been completed by the beginning of the period. Many of its beauty service brands are now clustered together in flagship locations, enhancing the synergies between brands and making it more convenient for customers to enjoy a range of beauty services in one spot.

**Product Sales Business**

- At period-end, the Group maintained one retail store in Hong Kong selling its premium Erno Laszlo skincare brand, and one store selling its self-owned HABA brand beauty products. Other branded products under the Group, including product ranges for its Glycel, Eurobeauté, DermaSynergy and O~KO! beauty brands, are also available.

- The Group continued to enjoy good exposure for its Glycel products, available for purchase in 15 Glycel brand locations in Hong Kong and Macau.

**Outlook**

- The Group expects the current weak market conditions to continue for the foreseeable future. Despite this outlook, the Group remains confident, based on its recent performance, that it can deliver positive results for the coming six months and beyond. This confidence is based on its status as a market leader in the industry, its debt-free position, and the strongly positive reputation it has established over many years as an innovative, reliable and highly professional beauty services provider for Hong Kong.

- The Group's dividend policy will also be kept under prudent control. 'Cash is king' in uncertain times — maintaining liquidity ensures stability and agility to seize opportunities. This disciplined approach allows us to capitalize on emerging opportunities while delivering sustainable returns to shareholders.

- In terms of maintaining and attracting customers, the Group will continue with its successful policy of steady investment and creative marketing that has served it so well in the past. There will be no let-up in the acquisition of the latest new beauty equipment, since its ability to offer the best and most innovative equipment on the market sets the Group apart from many of its competitors and reinforces its market-leader status.

- Strong advertising investment will continue to be crucial for the Group. Its brands are currently highly visible and active on multiple social media platforms, and these are proving essential channels for engaging and informing customers and attracting new ones.

The board of directors (the "Board") of Water Oasis Group Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 31 March 2025.

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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | **Unaudited Six months ended 31 March** | |
|---|---|---|---|
| | | **2025** | 2024 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue | *2* | **492,241** | 503,434 |
| Purchases and changes in inventories of finished goods | | **(39,160)** | (49,247) |
| Other income | | **10,361** | 8,115 |
| Impairment loss on goodwill | | **–** | (11,429) |
| Other gains or losses | | **(1,053)** | (526) |
| Staff costs | | **(227,323)** | (229,672) |
| Depreciation | | **(70,751)** | (78,352) |
| Finance costs | | **(3,782)** | (5,046) |
| Other expenses | | **(89,298)** | (83,822) |
| Profit before taxation | | **71,235** | 53,455 |
| Taxation | *3* | **(15,750)** | (13,388) |
| Profit for the period | *4* | **55,485** | 40,067 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | **55,686** | 40,137 |
| Non-controlling interests | | **(201)** | (70) |
| | | **55,485** | 40,067 |
| Earnings per share | | | |
| Basic | *5* | **8.2 HK cents** | 5.9 HK cents |
| Diluted | *5* | **8.2 HK cents** | 5.9 HK cents |

| | Unaudited<br>Six months ended<br>31 March<br>**2025**<br>***HK$'000*** | <br><br><br>2024<br>*HK$'000* |
|---|---|---|
| Profit for the period | **55,485** | 40,067 |
| **Other comprehensive income:** | | |
| *Item that may be reclassified subsequently to profit or loss:* | | |
| Exchange differences arising on translation of foreign operations | **(2,362)** | 156 |
| Total comprehensive income for the period | **53,123** | 40,223 |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Company | **53,324** | 40,293 |
| Non-controlling interests | **(201)** | (70) |
| | **53,123** | 40,223 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | **Unaudited As at 31 March 2025** *HK$'000* | Audited As at 30 September 2024 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | | **73,887** | 74,240 |
| Goodwill | | **18,244** | 18,244 |
| Investment properties | | **192,041** | 192,041 |
| Property and equipment | | **66,177** | 82,460 |
| Right-of-use assets | | **214,418** | 222,175 |
| Rental deposits | | **28,184** | 31,815 |
| Deferred tax assets | | **4,979** | 5,027 |
| | | **597,930** | 626,002 |
| **Current assets** | | | |
| Inventories | | **38,466** | 44,992 |
| Trade receivables | *7* | **20,436** | 16,535 |
| Contract costs | | **50,592** | 47,953 |
| Prepayments | | **9,185** | 8,212 |
| Other deposits and receivables | | **20,846** | 16,670 |
| Current tax assets | | **98** | 555 |
| Bank balances and cash | | **632,545** | 485,156 |
| | | **772,168** | 620,073 |
| **Current liabilities** | | | |
| Trade payables | *8* | **1,438** | 2,045 |
| Accruals and other payables | | **116,736** | 95,283 |
| Provisions for reinstatement costs | | **34,029** | 34,640 |
| Contract liabilities | | **672,093** | 579,856 |
| Lease liabilities | | **78,186** | 83,812 |
| Current tax liabilities | | **13,621** | 35,096 |
| | | **916,103** | 830,732 |
| **Net current liabilities** | | **(143,935)** | (210,659) |
| **Total assets less current liabilities** | | **453,995** | 415,343 |

| | Unaudited As at 31 March 2025 *HK$'000* | Audited As at 30 September 2024 *HK$'000* |
|---|---|---|
| **Capital and reserves** | | |
| Share capital | **68,055** | 68,055 |
| Reserves | **282,612** | 242,899 |
| **Equity attributable to owners of the Company** | **350,667** | 310,954 |
| **Non-controlling interests** | **401** | 602 |
| **Total equity** | **351,068** | 311,556 |
| **Non-current liabilities** | | |
| Lease liabilities | **86,373** | 87,995 |
| Deferred tax liabilities | **16,554** | 15,792 |
| | **102,927** | 103,787 |
| | **453,995** | 415,343 |

*Notes:*

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

**Basis of Preparation**

The interim condensed consolidated financial statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by 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 of Hong Kong Limited (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 2024.

**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 2025 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30 September 2024.

**Amendments to HKFRS Accounting Standards**

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

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |
| Amendments to Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

The application of these amendments to standards and interpretations 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.

## 2. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period are as follows:

| | Six months ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | **Sales of skincare products** | | **Provision of treatment services** | | **Total** | |
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Time of revenue recognition** | | | | | | |
| At a point of time | **59,939** | 80,182 | **–** | – | **59,939** | 80,182 |
| Over time | **–** | – | **432,302** | 423,252 | **432,302** | 423,252 |
| Total | **59,939** | 80,182 | **432,302** | 423,252 | **492,241** | 503,434 |

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 period under review:

| | Six months ended 31 March | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Product segment** | | **Service segment** | | **Elimination** | | **Consolidated** | |
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Sales to external customers | **59,939** | 80,182 | **432,302** | 423,252 | **–** | – | **492,241** | 503,434 |
| Inter-segment sales | **10,771** | 12,628 | **–** | – | **(10,771)** | (12,628) | **–** | – |
| Total | **70,710** | 92,810 | **432,302** | 423,252 | **(10,771)** | (12,628) | **492,241** | 503,434 |
| Segment results | **5,432** | 12,997 | **118,809** | 99,519 | **–** | – | **124,241** | 112,516 |
| Other income | | | | | | | **10,361** | 8,115 |
| Impairment loss on goodwill *(note)* | | | | | | | **–** | (11,429) |
| Other gains or losses | | | | | | | **(1,053)** | (526) |
| Finance costs | | | | | | | **(3,782)** | (5,046) |
| Central administrative costs | | | | | | | **(58,532)** | (50,175) |
| Profit before taxation | | | | | | | **71,235** | 53,455 |

*Note:* For the six months ended 31 March 2024, 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** | |
|---|---|---|
| | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* |
| Hong Kong and Macau | **462,647** | 468,266 |
| Mainland China | **29,594** | 35,168 |
| | **492,241** | 503,434 |

## 3. TAXATION

| | Six months ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| Current period | **14,940** | 14,018 |
| Deferred tax | **810** | (630) |
| | **15,750** | 13,388 |

Hong Kong Profits Tax has been provided at the rate of 16.5% (2024: 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 Company 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 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 People's Republic of China (the "PRC") Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2024: 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.

## 4. PROFIT FOR THE PERIOD

| | Six months ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* |
| Profit for the period is stated at after charging: | | |
| Amortisation of contract costs | **46,324** | 43,877 |
| Loss on disposals of property and equipment, net | **975** | – |
| Impairment loss on: | | |
| — Property and equipment | **–** | 10 |
| — Right-of-use assets | **–** | 567 |
| Depreciation: | | |
| — Property and equipment | **19,665** | 22,507 |
| — Right-of-use assets | **51,086** | 55,845 |
| Net exchange loss | **89** | – |
| and after crediting: | | |
| Net exchange gain | **–** | 26 |
| Gain on disposals of property and equipment, net | **–** | 25 |
| Interest income on bank deposits | **7,824** | 5,589 |
| Rental income from investment properties net of negligible direct operating expenses | **1,934** | 1,837 |

## 5. 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 | |
|---|---|---|
| | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* |
| Earnings for the purposes of basic and diluted earnings per share | **55,686** | 40,137 |

| | Number of shares | |
|---|---|---|
| | **2025** | 2024 |
| 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 2025 and 2024.

## 6. DIVIDENDS

| | Six months ended 31 March | |
|---|---|---|
| | **2025** | 2024 |
| | ***HK$'000*** | *HK$'000* |
| Interim dividend declared after the end of the reporting period of 3.5 HK cents (2024: 3.5 HK cents) per share | **23,819** | 23,819 |

During the six months ended 31 March 2025, a final dividend of 2.0 HK cents (2024: 7.0 HK cents) per share totalled approximately HK$13,611,000 was declared, approved and paid to shareholders of the Company in respect of the year ended 30 September 2024 (2024: HK$47,639,000 was declared, approved and paid to shareholders of the Company in respect of the year ended 30 September 2023).

At the Board meeting held on 28 May 2025, the directors declared an interim dividend of 3.5 HK cents (2024: 3.5 HK cents) per share payable to the shareholders whose names appear on the register of members of the Company (the "Register of Members") at the close of business on Wednesday, 18 June 2025. 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.

## 7. 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 2025** | As at 30 September 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **14,202** | 11,276 |
| 31 to 60 days | **1,040** | 1,562 |
| 61 to 90 days | **1,544** | 880 |
| 91 to 120 days | **2,118** | 1,021 |
| 121 to 150 days | **1,094** | 1,259 |
| 151 to 180 days | **419** | 488 |
| Over 180 days | **19** | 49 |
| | **20,436** | 16,535 |

## 8. 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 2025** | As at 30 September 2024 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **1,433** | 2,029 |
| 31 to 60 days | **1** | 3 |
| Over 60 days | **4** | 13 |
| | **1,438** | 2,045 |

## 9. EVENT AFTER THE REPORTING PERIOD

There is no significant subsequent event after the reporting period.

## RESULTS AND DIVIDEND

For the six months ended 31 March 2025, the Group's total revenue fell slightly by 2.2% in comparison with the same period last year, to approximately HK$492.2 million (six months ended 31 March 2024: HK$503.4 million). However, net profit for the period rose to HK$55.5 million, as against HK$40.1 million for the same period last year. As at 31 March 2025, the Group had approximately HK$632.5 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 2025 (six months ended 31 March 2024: 3.5 HK cents). Currently, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

## MANAGEMENT DISCUSSION AND ANALYSIS

The macro situation for Hong Kong remained full of challenges in the period, which included a weak property market, a turbulence stock market and concerns about employment. Interest rates remained high, and both Hong Kong and Mainland China saw capital outflows. In addition, the recent US government announcement of excessively high China tariffs brought new uncertainties and pressures to bear on Hong Kong, significantly undermining consumer confidence. All these difficulties translated into low consumer confidence and a very weak retail market overall. Consumers were unwilling to spend and, when they did, often travelled north out of Hong Kong to shop in lower-cost Shenzhen, especially on weekends and in holiday periods.

Given this generally bleak picture, it is with some pleasure that the Group reports that it has navigated the difficult conditions of the past six months successfully to deliver a satisfactory result. The Group was able to achieve a relatively stable revenue across the six-month period, representing only a small decrease from the revenue level achieved in the previous period despite it having closed a number of stores in the intervening time. The Group's gross profit margin has continued to climb, up to 92.0% from 90.2% previously. This reflects an even higher ratio of beauty services to beauty products in the Group's sales mix, with beauty services now representing 87.8% of all sales (2024: 84.1%), and beauty products 12.2% (2024: 15.9%). This shift was reflected in greater revenue generated by beauty services (HK$432.3 million for the period compared with HK$423.3 million for the previous period), against a drop in revenue from beauty products (HK$59.9 million this year compared with HK$80.2 million in the previous period).

Most significantly, the Group has been able to deliver an overall net profit for the period, and one that represents an increase over the net profit achieved for the previous interim period. The net profit achieved for the 2024 interim period was subject to a HK$12 million non-cash goodwill impairment loss, primarily due to the Group's decision to end its distributorship agreement for HABA in the Mainland from 31 March 2025. However, even when the effects of the impairment are excluded, this year's net profit still represents an increase over last year's.

The Group's steady bottom line results were assisted by careful controls over costs in the period, including a comprehensive cost optimisation exercise. As a percentage of revenue, the Group's rental costs dropped quite significantly, from 16.1% to 14.4%, triggered by a programme of strategic store closures and further helped by the muted retail market, which saw leasing prices remain relatively low. Depreciation costs remained at a similar level as previously, at 4.0% of revenue, reflecting the Group's ongoing commitment to renovating its premises and purchasing new equipment in order to maintain its premium status and keep itself at the forefront of the market.

The Group's total staff numbers decreased year-on-year, from 1,011 to 903 at the end of the period under review, following the closure of some stores. Despite this, staff costs as a percentage of revenue rose slightly, from 45.6% to 46.2%. The rise recognises the determination of the Group to retain its premium staff in a very tight labour market in Hong Kong. Since so much of customer experience is determined by the professionals they interact with, the Group believes that the extra cost involved in retaining the very best staff is money well spent.

While the Group took care to ensure its advertising expenses remained effectively targeted, this is one area where it believes efforts to reduce cost are not beneficial. For the period, advertising expenses as a percentage of revenue rose to 2.6%, from 2.1% previously. This was the result of some significant investment in new advertising campaigns aimed at capturing new customers and enhancing the images of its brands.

**BEAUTY SERVICES**

All the Group's beauty services brands performed steadily across the period, despite the macro challenges that suppressed retail spending in Hong Kong. Most of the brands saw an increase in their turnover for the period, reflecting strong marketing initiatives and consistent levels of service excellence that helped to cement customer loyalty. Weekend bookings continued to be affected by the Hong Kong trend of travelling to Shenzhen, but the Group has been addressing this through various customer communications initiatives and promotions.

The Group's consolidation and relocation of its beauty services outlets had largely been completed by the beginning of the period. Consequently, the good results of the period benefitted from the fact that many of its beauty service brands are now clustered together in flagship locations, enhancing the synergies between brands and making it more convenient for customers to enjoy a range of beauty services in one spot.

As at 31 March 2025, the Group was operating 15 Oasis Beauty centres, 2 Oasis Homme centres, 4 Oasis Hair Spas, 9 Oasis Medical Centres, 3 Oasis Spas and 1 Oasis Dental clinic. Other non-Oasis branded beauty services locations operated by the Group are 14 Glycel beauty centres, 4 spa ph+ centres and 1 AesMedic Clinic. In total, the Group had a total of 53 beauty centre operations in Hong Kong at period-end. In Mainland China, the Group maintained 3 self-managed Oasis Beauty centres in Beijing. In Macau, the Group continued to operate 1 Glycel Skinspa and 1 Oasis Beauty Store.

## PRODUCT SALES

With its emphasis now firmly on the higher-margin beauty services segment, the Group has reduced its retail exposure of product brands over recent years. While it continues to hold self-owned and licenced beauty product brands, most of these are now primarily available through its beauty centres, or via online purchasing. At period-end, the Group maintained one retail store in Hong Kong selling its premium Erno Laszlo skincare brand, and one store selling its self-owned HABA brand beauty products. Other branded products under the Group, including product ranges for its Glycel, Eurobeauté, DermaSynergy and O~KO! beauty brands, are also available.

In the very soft retail market, and with lower retail exposure, product sales of the Group's fell in the period. The Group continued to enjoy good exposure for its Glycel products, available for purchase in 15 Glycel brand locations in Hong Kong and Macau.

## OUTLOOK

The current economic environment in Hong Kong, driven by a mix of weak capital and property markets, the effects of negative US trade policies, and a general lack of clarity and confidence in the future, looks set to continue for the immediate future. Such an environment is reining in consumers' discretionary spending, and in Hong Kong's case being exacerbated by the trend for consumers to head out of the city for leisure and shopping. Given these developments, the Group expects the current weak market conditions to continue for the foreseeable future.

Despite this outlook, the Group remains confident, based on its recent performance, that it can deliver positive results for the coming six months and beyond. This confidence is based on its status as a market leader in the industry, its debt-free position, and the strongly positive reputation it has established over many years as an innovative, reliable and highly professional beauty services provider for Hong Kong.

The challenge for the Group given current conditions is to maintain stable revenue at a time when average customer spending is falling, to maintain its existing customer base, and to attract new customers even though spending is tight. From an internal perspective, the Group will ride on its well-proven core competencies and exercise the utmost financial prudence in its activities, continuing to look for further ways to build on its cost optimisation exercise of the past year. The Group's dividend policy will also be kept under prudent control. 'Cash is king' in uncertain times — maintaining liquidity ensures stability and agility to seize opportunities. This disciplined approach allows us to capitalize on emerging opportunities while delivering sustainable returns to shareholders.

In terms of maintaining and attracting customers, the Group will continue with its successful policy of steady investment and creative marketing that has served it so well in the past. There will be no let-up in the acquisition of the latest new beauty equipment, since its ability to offer the best and most innovative equipment on the market sets the Group apart from many of its competitors and reinforces its market-leader status. There will also be no slackening in the quality of the beauty services offered; the Group's various beauty services brands all share the same commitment to offering customers a consistently premium experience, which involves not only using the best equipment but ensuring its venues are luxurious and calming, and the service provided by professional staff members is regularly a cut above what customers can expect elsewhere.

Strong advertising investment will continue to be crucial for the Group. Its brands are currently highly visible and active on multiple social media platforms, and these are proving essential channels for engaging and informing customers and attracting new ones. The Group uses these platforms to regularly advertise incentives, launch first-time special offers, and generally keep its brands in the public eye. It has made substantial investments in the marketing of its major brands in recent years and will continue to do so moving forward, having seen the benefits that such investment brings, especially in a difficult economic environment.

Drawing on its long experience of the ups and downs of the beauty market in Hong Kong, its in-depth knowledge of and connections in the beauty industry, and its matchless tradition of financial prudence, the Group is confident in being able to ride the challenges of the next half-year and continue to deliver respectable results for shareholders. It also expects that market conditions may cause some players to exit the industry, opening up further options for establishing the Group firmly as the beauty services leader in Hong Kong. The Group will continue to work hard to maintain its reputation for high quality, high performance and exceptional staying power, while delivering consistent results 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 31 March 2025 mainly denominated in Hong Kong dollars amounted to approximately HK$632.5 million (as at 30 September 2024: HK$485.2 million).

The Group generally finances its operations with internally generated resources.

As at 31 March 2025, the gearing ratio, expressed as a percentage of outstanding loan over total equity was nil (2024: 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.

## CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 March 2025.

## CAPITAL COMMITMENTS

As at 31 March 2025, the Group had capital commitment in respect of acquisition of property and equipment of approximately HK$0.7 million.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 903 staff (as at 30 September 2024: 914 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 2025, 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 2025.

## PLEDGE OF ASSET

As at 31 March 2025 and 30 September 2024, there was no pledge of assets of the Group.

## 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 2025 payable to the shareholders whose names appear on the Register of Members at the close of business on Wednesday, 18 June 2025. The Register of Members will be closed on Tuesday, 17 June 2025 and Wednesday, 18 June 2025, 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 Investor Services 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 Monday, 16 June 2025. The relevant dividend warrants will be dispatched to shareholders on Friday, 4 July 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 is chaired by Prof. Wong Lung Tak, Patrick.

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 2025 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 2025.

## 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. As at 31 March 2025, there were no treasury shares held by the Company.

## CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with, where applicable, the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the period under review.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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, 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.

## 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 interim report of the Company for the six months ended 31 March 2025 will be available on the respective websites of HKEx and the Company in due course.

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

Hong Kong, 28 May 2025

*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..*