



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

轉機將至 Riding a
Turning Tide
蓄勢待發

INTERIM REPORT
中期報告

2021

CONTENTS

02	Management Discussion and Analysis
06	Liquidity and Financial Resources
06	Contingent Liabilities
06	Capital Commitments
06	Employees and Remuneration Policy
07	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
09	Condensed Consolidated Statement of Financial Position
10	Condensed Consolidated Statement of Changes in Equity
11	Condensed Consolidated Statement of Cash Flows
12	Notes to the Condensed Consolidated Financial Statements
22	Interim Dividend and Closure of Register of Members
22	Audit Committee
22	Remuneration Committee
23	Investment Advisory Committee
23	Nomination Committee
23	Disclosure Committee
24	Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures
25	Share Options
26	Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares
27	Purchase, Sale or Redemption of the Company's Listed Securities
27	Corporate Governance
27	Compliance with the Model Code for Securities Transactions
28	Corporate Information

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 31st March, 2021.

The unaudited consolidated results have been reviewed by the Company’s Audit Committee.

Results and Dividend

For the six months ended 31st March, 2021, the Group’s revenue fell by 14.0% by comparison with the same period last year, to approximately HK\$314.9 million (six months ended 31st March, 2020: HK\$365.9 million). This reflected the fact that the current six-month period was significantly affected by ongoing anti-pandemic activities, including the reintroduction of stringent measures to combat new waves of the virus over the holiday season. These restrictions had an inevitable effect on beauty services patronage and retail shopping. Profit for the period amounted to HK\$58.8 million, as against HK\$43.8 million for the same period last year. As at 31st March, 2021, the Group had approximately HK\$437.4 million in cash in hand.

The Board has resolved to declare an interim dividend of 5.5 HK cents per share (six months ended 31st March, 2020: 6.0 HK cents per share) for the six months ended 31st March, 2021.

Management Discussion and Analysis

The extraordinary events of the past year, which continued into the period under review, are reflected in a year-on-year revenue downturn in the Group’s first half results. Nevertheless, the Group has reason to be quietly pleased with its overall performance. Despite the fall in revenue, patronage and sales were quick to recover in periods when anti-pandemic measures were eased. The Group has been active in brand promotion and in maintaining good online exposure. It has also been diligently planning for the future while the market has been soft, leveraging the weaker rental market to open new outlets in a cost-effective manner. In these ways, it is preparing itself to be in full readiness once the market recovers and consumers regain their confidence.

The Group’s sales mix as at 31st March, 2021 stood at 80.1% services to 19.9% product, and this further shift towards services was also reflected in a small rise in the overall gross profit margin, from 91.6% to 92.1%. Certain key costs rose acceptably on a period-on-period basis. More was spent on advertising and promotion in the period to ensure customers remained engaged with the Group even in a time of restricted movements. This increased spending, combined with a lower sales performance for the period, meant that advertising costs rose to 4.0% of total revenue against just 0.9% last year. This percentage remains well within the acceptable range for expenditure for this vital promotional activity. Costs were higher in part because the Group distributed more free samples as well as offering free treatments to customers for promotional purposes. Rental costs also rose slightly, by 0.6%, reflecting an expansion in the number of new stores operating in the respective periods. This figure also reflects the Group’s adoption of HKFRS 16 from 2020 onwards, which has adjusted the way rental expenses are calculated for accounting purposes. The Group’s largest individual expense as a percentage to revenue, staff costs, fell considerably, partly due to periods of no-pay leave taken by certain staff and partly due to the Employment Support Scheme subsidy received from the Government for qualified staff during the worst of the COVID-19 crisis. Consequently, staff costs were down by 33.0% comparatively, to 34.0% of total revenue as against 43.7% last year. Overall, the Group’s total costs decreased by approximately 17.0% on a period comparison basis. In addition, the Group received relevant anti-epidemic subsidies for the retail and beauty service industry from the Government during the period.

Beauty Services

The Group's beauty services offerings consist of two main strands. One is its 'Oasis' brand portfolio of beauty centres, which includes Oasis Beauty, Oasis Spa, Oasis Medical Centre, Oasis Hair Spa, and Oasis Homme. Most Oasis outlets are situated in Hong Kong, but at period-end the Group also operated one Oasis Beauty Store in Macau, and three self-managed Oasis Beauty centres in the PRC.

All the various Oasis brand stores in Hong Kong and Macau experienced a comparative fall in revenue for the period in line with the impact of the pandemic. In the PRC, where the COVID-19 situation returned to normal much more quickly, the Oasis Beauty centres all enjoyed healthy year-on-year growth in revenue.

In the second half of financial year 2020, the Oasis Beauty and Oasis Medical Centre outlets situated in the Fee Tat Commercial Centre in Mong Kok both resituated to larger and more prestigious locations in Mong Kok's Langham Place, where they are each gaining increased exposure and excellent brand recognition.

A number of new treatments were introduced in the period that further expanded the beauty options available for Oasis customers. They included a new Aroma Hydro-Nourishing Facial Treatment, Hot Stone Revitalizing Extra Treatment, and Skin Rebirth Detox & Awakening Green Therapy, all offered through Oasis Beauty salons, along with Salus Talent slimming therapy. The Group's Oasis Medical Centres introduced a new 'Eggpify' skin renewal treatment series, along with Firmix 3D treatment equipment providing advanced anti-wrinkle and eye-lift treatments.

This expansion of the Oasis treatment portfolio in the period was just one part of a larger strategy of preparation for growth, even though the pandemic continued to compromise sales. Other moves included opening new stores and upgrading existing beauty outlets. The plan is to position the Group so that is ready to move quickly back into full-scale delivery of services as soon as the pandemic is under control, giving it an edge in what is likely to be a fast-moving market.

The second strand of the Group's beauty services are those offered under its self-owned Glycel brand, through a series of Glycel Skinspa outlets and associated Glycel beauty product sales. The performance of Glycel Skinspas in the period tracked the performance of the Oasis portfolio, with an expected drop in revenue. Two new Glycel outlets have been added to the range recently; one opened in Park Central in Tseung Kwan O in August 2020, just before the period under review, with a second Glycel outlet opening in The LOHAS in LOHAS Park in November 2020. The Group continued to roll out new Glycel treatments in the period to keep its brand profile high and express its confidence in the future. One was the Red Treasure Swiss Perfection Signature Facial treatment, launched in December 2020; another was a four-step facial series of anti-ageing serums. Glycel outlets also offered new Salus Talent slimming equipment for customers.

Capital expenditure rose to HK\$15.6 million for the period, nearly double that of the same period last year (HK\$8.2 million). This was primarily due to the spending involved in equipping and opening new stores. It represents a return to a more normal level of Capex after the cautious postponements of store openings in the volatile period last year.

As at 31st March, 2021, the Group was operating 14 Glycel Skinspas; 14 Oasis Beauty centres; 2 Oasis Homme centres; 4 Oasis Hair Spas; 3 Oasis Spa centres and 8 Oasis Medical Centres in Hong Kong. In the PRC, 3 self-managed Oasis Beauty centres operate, and one Oasis Beauty Store in Macau.

Product Sales

Alongside its beauty services, the Group operates different retail outlets for its three self-owned skincare and beauty brands (Glycel, Eurobeauté and DermaSynergy) and its two licensed brands (Erno Laszlo and H2O+). The products are also available for ordering on online platforms.

Product sales, like beauty services, were down by comparison with the previous period, once again mainly due to the social distancing restrictions that disrupted normal shopping activity over the past six months. However, the Group went ahead with the launches of several exciting new products in the period, all supported by strong marketing campaigns with a focus on social media exposure and traction. In particular, the Group enjoyed considerable success with its festive 'Swiss Red Treasure X'mas Bazaar' package in the pre-Christmas period, which offered a bundle of Glycel products in a limited edition gift box at a highly competitive price.

The Group's various online retail platforms (for Glycel, Erno Laszlo, Eurobeauté, and O-KO! beauty products) all performed steadily in the period, benefitting from the increasing take-up of online shopping among Hong Kong people during the pandemic. Online sales via these channels were up on such sales in the previous period by 56%, a very promising increase. As at 31st March, 2021, the Group was operating 2 H2O+ outlets, 4 Erno Laszlo stores, and 4 Glycel stores in Hong Kong. In Macau, it continued to operate an Erno Laszlo outlet.

Outlook

Despite the challenges of the period, the Group believes it is in a strong position to take advantage of the gradual return to a more normal environment in the months ahead. It has been active in preparation, opening new stores and upgrading its existing premises in order to be fully ready for the business uptick which it believes is on its way. With its strong financial position, the Group is also very well placed to take advantage of the current dampened rental environment and explore expansion possibilities.

The Group has high confidence in the value of all its brands and will continue to support them by looking to open new outlets where practicable and tap into new growth opportunities. Two major new outlets will be highlights in the coming six months. One will be a new 6,000 sq. ft. flagship Glycel Skinspa, with the Oasis Medical Centre included, in the Festival Walk shopping centre in Kowloon Tong, set to replace the existing 1,600 sq. ft. Glycel Skinspa operating there in June 2021. With well over three times the floor space of the older venue, the new flagship Glycel Skinspa with the Oasis Medical Centre represents a statement of confidence by the Group and will position the brand as a major presence in this popular and prestigious shopping mall. Elsewhere, the Group plans to open a new Oasis Beauty centre in Park Central in Tseung Kwan O, supplementing its existing Glycel outlet in the same shopping mall. Its opening is also scheduled for June 2021.

Noting the strength of the Macau economy and the strong demand for quality beauty products and services there, the Group also intends to expand its presence in Macau in the coming months. In September 2021, it plans to open a Glycel Skinspa in the new Nova Mall on Taipa, Macau as well as both Glycel and Eurobeauté product counters in the popular New Yaohan department store located in the same Mall. In the PRC, the Group remains open to expansion but store positioning is vital, and to date no suitable venues have come up.

As noted, the Group's e-commerce channels have continued to perform strongly in the period, recording double-digit percentage growth in sales. The Group expects online sales to remain an important channel for its beauty product sales, and will continue to promote the online experience. It also plans to devote more resources to supporting both its own online and third-party online retail platforms, for instance by using KOLs and videos to encourage online engagement.

In short, the Group has taken key steps to be ready and prepared for a return to pre-pandemic beauty services and beauty product engagement by consumers. It has established itself as a dynamic, committed provider in the market, and has generated widespread confidence and trust in its brands, its products, and its customer care. It looks forward to soon once again building strong value for its stakeholders.

Discloseable Transaction

On 29th March, 2021, Water Oasis Group (BVI) Limited as the purchaser (a wholly-owned subsidiary of the Company), Billion Profit Investments Limited as the vendor and the guarantors (Ng Wing Mee Denise, Chan Sau Kan Justina and Cheng Li Mei) entered into the sale and purchase agreement, pursuant to which the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of the Millistrong Holdings Limited (a company incorporated in Hong Kong with limited liability) at the base consideration of HK\$45,000,000, subject to conditions and adjustments.

The total consideration was determined after arm's length negotiations between the purchaser and the vendor taking into consideration (i) the historical price-to-earnings ratio of 3.2x, based on the base consideration and the average net profit after tax for the financial years of 2017 and 2018 of Millistrong Holdings Limited and its subsidiaries (the "Target Group") generated pre-social movements in Hong Kong and pre-COVID-19; (ii) the price-to-earnings multiples of comparable companies listed on the Stock Exchange; and (iii) the business prospects of the Target Group amid probable reversion to a normal economy in Hong Kong in 2022. The Board considers that the base consideration together with the adjustment is fair and reasonable and is in the interests of the Company and the shareholders of the Company as a whole.

The Target Group is engaged in two major businesses, (i) provision of spa, aesthetic and beauty services in Hong Kong ("Service Business"); and (ii) sales of the distributed products in the PRC, Hong Kong and Macau ("Product Business").

For the Service Business, the Target Group offers (i) traditional beauty treatments including treatments with focus on individual parts of the body such as facial treatments, neck treatments, eye treatments, hand treatments and body treatments, as well as spa and massage services, and (ii) medical beauty services. It operates six spa centres under "FRÉDÉRIQUE", "Medic i-Laser" and "AesMedic" and one shop under "32°C".

The Target Group is authorized to carry out the Product Business by selling the distributed products under the distribution agreements (the distribution agreements in respect of the Target Group's right to distribute the distributed products entered into between the Target Group and a Japanese company, subject to periodic renewal) in Hong Kong, Macau and the PRC. The distributed products cover mainly skin care, body care and hair care.

The acquisition was a strategic move to expand active customer base, acquire a pool of skilled professionals, and increase the number of outlets. Furthermore, after the Group and the Target Group integrate their operations, it was expected that the acquisition could create synergy, such as cost saving, marketing and cross selling.

Subject to all the conditions precedent being fulfilled (to the extent not waived by the purchaser), the completion should take place on or before 10th June, 2021 or such other date as the parties might agree in writing.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the acquisition was above 5% but less than 25%, the acquisition constitutes a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The details of acquisition was disclosed in the announcement dated 29th March, 2021.

Liquidity and Financial Resources

As at 31st March, 2021, the Group had net current liabilities of approximately HK\$220.0 million (as at 30th September, 2020: HK\$277.5 million).

The Group generally finances its operations with internally generated resources. As at 31st March, 2021, the Group had cash reserves of approximately HK\$437.4 million (as at 30th September, 2020: HK\$418.5 million).

As at 31st March, 2021, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK\$283.8 million (as at 30th September, 2020: HK\$223.1 million) was approximately 2.9% (as at 30th September, 2020: 4.4%). Details of the maturity profile of the secured mortgage loan as set out in note 14 are disclosed in the condensed consolidated financial statements. All borrowings are denominated in Hong Kong dollars. The bank balances and cash are mainly denominated in Hong Kong dollars, United States dollars and Renminbi.

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 31st March, 2021.

Capital Commitments

As at 31st March, 2021, the Group had capital commitment in respect of acquisition of property and equipment of approximately HK\$9.2 million.

Employees and Remuneration Policy

As at 31st March, 2021, the Group employed 827 staff (as at 30th September, 2020: 775 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Unaudited Six months ended 31st March,	
		2021	2020
		HK\$'000	HK\$'000
	Notes		
Revenue	5	314,857	365,939
Purchases and changes in inventories of finished goods		(24,828)	(30,716)
Other income		14,245	5,562
Other gains or losses		(174)	(4,204)
Staff costs		(107,131)	(159,882)
Depreciation		(62,176)	(48,820)
Finance costs		(3,549)	(3,941)
Other expenses	6	(59,823)	(67,463)
Profit before taxation		71,421	56,475
Taxation	7	(12,621)	(12,635)
Profit for the period	8	58,800	43,840
Profit (loss) for the period attributable to:			
Owners of the Company		58,980	44,000
Non-controlling interests		(180)	(160)
		58,800	43,840
Earnings per share			
Basic	9	8.7 HK cents	6.5 HK cents
Diluted	9	8.7 HK cents	6.5 HK cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Profit for the period	58,800	43,840
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	1,897	(287)
Total comprehensive income for the period	60,697	43,553
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	60,895	43,710
Non-controlling interests	(198)	(157)
	60,697	43,553

Condensed Consolidated Statement of Financial Position

	Notes	Unaudited As at 31st March, 2021 HK\$'000	Audited As at 30th September, 2020 HK\$'000
Non-current assets			
Intangible assets		59,117	59,075
Goodwill		3,012	3,012
Investment properties	11	227,025	227,188
Property and equipment	11	54,949	51,873
Right-of-use assets		223,678	242,374
Rental deposits		29,681	27,389
Deferred tax assets		8,234	7,792
		605,696	618,703
Current assets			
Inventories		47,050	48,494
Trade receivables	12	16,366	19,766
Contract costs		54,565	57,815
Financial assets at fair value through profit or loss		1,190	–
Prepayments		7,464	7,624
Other deposits and receivables		36,365	21,074
Tax recoverable		7,480	2,597
Bank balances and cash		437,367	418,516
		607,847	575,886
Current liabilities			
Trade payables	13	7,667	4,778
Accruals and other payables		78,596	91,566
Contract liabilities		639,169	649,479
Secured mortgage loan	14	3,370	3,334
Lease liabilities		97,211	99,285
Tax payable		1,860	4,981
		827,873	853,423
Net current liabilities		(220,026)	(277,537)
Total assets less current liabilities		385,670	341,166
Capital and reserves			
Share capital	15	68,055	68,055
Reserves		209,278	148,383
Equity attributable to owners of the Company		277,333	216,438
Non-controlling interests		6,473	6,671
Total equity		283,806	223,109
Non-current liabilities			
Secured mortgage loan	14	4,899	6,594
Lease liabilities		80,375	95,826
Deferred tax liabilities		16,590	15,637
		101,864	118,057
		385,670	341,166

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 1st October, 2019 (audited)	68,055	1,153	21,220	(1,766)	450	1,797	(589)	185,498	275,818	6,961	282,779
Profit (loss) for the period	-	-	-	-	-	-	-	44,000	44,000	(160)	43,840
Other comprehensive income (expense) for the period:											
Exchange differences arising on translation of foreign operations	-	-	(290)	-	-	-	-	-	(290)	3	(287)
Total comprehensive income (expense) for the period	-	-	(290)	-	-	-	-	44,000	43,710	(157)	43,553
2019 final dividend paid	-	-	-	-	-	-	-	(47,639)	(47,639)	-	(47,639)
At 31st March, 2020 (unaudited)	68,055	1,153	20,930	(1,766)	450	1,797	(589)	181,859	271,889	6,804	278,693

	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 1st October, 2020 (audited)	68,055	1,153	22,576	(1,766)	450	1,797	(589)	124,762	216,438	6,671	223,109
Profit (loss) for the period	-	-	-	-	-	-	-	58,980	58,980	(180)	58,800
Other comprehensive income (expense) for the period:											
Exchange differences arising on translation of foreign operations	-	-	1,915	-	-	-	-	-	1,915	(18)	1,897
Total comprehensive income (expense) for the period	-	-	1,915	-	-	-	-	58,980	60,895	(198)	60,697
At 31st March, 2021 (unaudited)	68,055	1,153	24,491	(1,766)	450	1,797	(589)	183,742	277,333	6,473	283,806

Condensed Consolidated Statement of Cash Flows

Unaudited
Six months ended
31st March,

	Note	2021 HK\$'000	2020 HK\$'000
Net cash from operating activities		77,636	81,917
Net cash used in investing activities:			
Purchase of property and equipment		(15,627)	(8,187)
Purchase of financial assets at fair value through profit or loss		(1,326)	–
Other investing cash flows		947	2,004
		(16,006)	(6,183)
Net cash used in financing activities:			
Dividends paid	10	–	(47,639)
Repayment of principal portion of lease liabilities		(41,204)	(29,642)
Repayment of interest portion of lease liabilities		(3,409)	(3,805)
Other financing cash flows		(1,757)	(2,052)
		(46,370)	(83,138)
Net increase (decrease) in cash and cash equivalents		15,260	(7,404)
Cash and cash equivalents at beginning of the period		418,516	385,580
Effect of foreign exchange rate changes		3,591	(428)
Cash and cash equivalents at end of the period, represented by bank balances and cash		437,367	377,748

Notes to the 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 27th September, 2001 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of this interim report. Its issued shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 11th March, 2002.

The Company is an investment holding company. Its principal subsidiaries are engaged in the operations of beauty services including spas, beauty salons and medical beauty centres as well as the distribution of skincare products in Hong Kong, Macau and the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) which is the functional currency of the Company. The condensed consolidated financial statements were approved for issue by the Board of Directors (the “Board”) on 28th May, 2021.

2. Basis of Preparation

The 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 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30th September, 2020.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st March, 2021 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30th September, 2020.

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

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

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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 condensed consolidated financial statements.

4. **Use of Judgements and Estimates**

In preparing these 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 30th September, 2020.

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 31st March,					
	Product segment		Service segment		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Timing of revenue recognition						
At a point of time	62,505	73,400	–	–	62,505	73,400
Over time	–	–	252,352	292,539	252,352	292,539
Total	62,505	73,400	252,352	292,539	314,857	365,939

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 31st March,							
	Product segment		Service segment		Elimination		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Sales to external customers	62,505	73,400	252,352	292,539	-	-	314,857	365,939
Inter-segment sales	9,568	13,276	-	-	(9,568)	(13,276)	-	-
Total	72,073	86,676	252,352	292,539	(9,568)	(13,276)	314,857	365,939
Segment results	11,766	16,974	83,775	87,615	-	-	95,541	104,589
Other income							14,245	5,562
Other gains or losses							(174)	(4,204)
Finance costs							(3,549)	(3,941)
Central administrative costs							(34,642)	(45,531)
Profit before taxation							71,421	56,475

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

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

Geographical information

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

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

	Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Hong Kong and Macau	291,568	352,000
The PRC	23,289	13,939
Total	314,857	365,939

6. Other Expenses

	Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Auditor's remuneration	541	518
Amortisation of intangible assets	34	56
Bank charges	12,410	16,676
Marketing expenses	13,623	4,235
Expenses relating to leases of		
– Short-term lease expense	2,791	13,705
– Low-value lease expense	266	242
– Variable lease payments not included in the measurement of lease liabilities	1,211	1,596
Building management fees, government rent and rates	9,929	10,072
Cleaning and laundry	2,097	2,910
Transportation, storage and delivery	2,788	2,846
Printing, stationery and administration	3,690	4,063
Utilities and telecommunications	1,497	1,845
Others	8,946	8,699
	59,823	67,463

7. Taxation

	Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Current tax		
– Current period	12,036	9,259
Deferred tax	585	3,376
	12,621	12,635

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward from prior years.

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. 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%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The PRC Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2020: 25%) on the assessable profits.

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

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

8. Profit for the Period

	Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Profit for the period is stated at after charging:		
Amortisation of contract costs	29,762	34,090
Loss on fair value change of investment properties	163	3,440
Loss on fair value of financial assets at fair value through profit or loss	136	–
Write-off of property and equipment	128	257
Depreciation:		
– Property and equipment	12,368	11,331
– Right-of-use assets	49,808	37,489
Net exchange loss	–	507
and after crediting:		
Net exchange gain	190	–
Gain on disposal of property and equipment	63	–
Interest income on bank deposits	836	2,272
Government subsidies	18,444	–
Rental income from investment properties net of negligible direct operating expenses	1,707	1,574
Rent concessions related to COVID-19	5,030	–
Other rent concessions	–	944

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 31st March,	
	2021 HK\$'000	2020 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	58,980	44,000

	Number of shares	
	2021	2020
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	680,552,764	680,552,764

10. Dividends

	Six months ended 31st March, 2021 HK\$'000	2020 HK\$'000
Interim dividend declared after the end of the reporting period of 5.5 HK cents (2020: 6.0 HK cents) per share	37,430	40,833

During the six months ended 31st March, 2021, no final dividend (2020: 7.0 HK cents per share) was declared and paid to shareholders of the Company in respect of the year ended 30th September, 2020 (2020: HK\$47,639,000 was declared and paid to shareholders of the Company in respect of the year ended 30th September, 2019).

At the Board meeting held on 28th May, 2021, the directors declared an interim dividend of 5.5 HK cents (2020: 6.0 HK cents) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company at the close of business on Wednesday, 16th June, 2021. This interim dividend is not reflected as dividend payable in the condensed consolidated financial statements as it was declared after the end of the reporting period.

11. Investment Properties and Property and Equipment

During the six months ended 31st March, 2021, the Group incurred capital expenditure of approximately HK\$15,627,000 for property and equipment (six months ended 31st March, 2020: HK\$8,187,000).

The Group's investment properties were revalued based on a valuation as of 31st March, 2021 carried out by Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent valuer not connected with the Group. The resulting decrease in fair value of investment properties of HK\$163,000 (six months ended 31st March, 2020: decrease in fair value of investment properties of HK\$3,440,000) has been recognised directly in profit or loss.

12. Trade Receivables

The Group generally allows its trade debtors' credit terms of 30 days to 150 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 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
0 to 30 days	13,115	15,492
31 to 60 days	666	473
61 to 90 days	24	498
91 to 120 days	584	1,899
121 to 150 days	1,963	1,388
Over 150 days	14	16
	16,366	19,766

13. 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 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
0 to 30 days	2,789	3,746
31 to 60 days	4,878	919
Over 60 days	–	113
	7,667	4,778

14. Secured Mortgage Loan

	As at 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
Analysed for reporting purpose as:		
Current liabilities	3,370	3,334
Non-current liabilities	4,899	6,594
	8,269	9,928

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

	As at 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
Within 1 year	3,370	3,334
1 year to less than 2 years	3,443	3,407
2 years to less than 3 years	1,456	3,187
	8,269	9,928
Less: Amount due within one year shown under current liabilities	(3,370)	(3,334)
Amount shown under non-current liabilities	4,899	6,594

The mortgage loan, which is denominated in Hong Kong dollars, is secured by the Group's investment properties with a carrying value of HK\$227,025,000 as at 31st March, 2021 (as at 30th September, 2020: HK\$227,188,000). It bears interest at 2.85% (as at 30th September, 2020: 2.85%) below the bank's Hong Kong Dollar Best Lending Rate per annum. The effective interest rate is approximately 2.15% (as at 30th September, 2020: 2.15%) per annum.

15. Share Capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1st October, 2019, 31st March, 2020, 1st October, 2020 and 31st March, 2021	2,000,000,000	200,000
Issued and fully paid:		
At 1st October, 2019, 31st March, 2020, 1st October, 2020 and 31st March, 2021	680,552,764	68,055

16. Share Options

On 24th February, 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), which replaced an old share option scheme that expired on 22nd January, 2012. The purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Pursuant to the Share Option Scheme, the Board may, on or before 23rd February, 2022, at its discretion, offer to grant share options at an option price of HK\$1.00 to any executives and full-time employees, part-time employees with weekly working hours of 10 hours and above, executive or non-executive directors of the Company or any of its subsidiaries, any advisors (professional or otherwise), consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to subscribe for shares of the Company, representing (when aggregated with share options granted under any other scheme) initially not more than 10% of the shares in issue as at 24th February, 2012 which is 76,395,276 shares, on which the Share Option Scheme was conditionally adopted pursuant to the resolution of the shareholders of the Company in general meeting held on that date. The subscription price shall be the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets on the date of the grant of options; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant of share options; and (iii) the nominal value of the shares. The Board may in its absolute discretion determine the period, saved that such period shall not be more than 10 years commencing on the date of the grant of option, and the minimum period for which a share option must be held before it can be exercised. The maximum aggregate number of shares issued and to be issued on the exercise of share options and in respect of which share options may be granted under the Share Option Scheme must not exceed 30% of the total number of shares in issue from time to time.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 24th February, 2012. The total number of shares issued and to be issued upon exercise of the share options granted to each participant except for independent non-executive directors and substantial shareholders of the Company (including exercised, cancelled and outstanding options) within any twelve-month period under the Share Option Scheme and any other share option scheme(s) of the Company and/or any of its subsidiaries must not exceed 1% of the number of shares in issue.

Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of share options shall be subject to prior approval by resolution of the shareholders of the Company (voting by way of poll).

An offer shall remain open for acceptance by the participant concerned for 14 days from the date of grant. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of share option.

No share option under the Share Option Scheme was granted, cancelled, exercised or lapsed during the current interim period nor outstanding as at 31st March, 2021. At the date of this report, there were a total of 56,395,276 shares available for issue under the Share Option Scheme, which representing approximately 8.29% of the existing issued share capital of the Company.

17. Commitments and Operating Lease Arrangements

(a) Capital commitments

	As at 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the condensed consolidated financial statements	9,214	283

(b) Commitments and arrangements under operating leases

As at 31st March, 2021 and 30th September, 2020, the Group had total future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties as follows:

As lessors Rental receipts	As at 31st March, 2021 HK\$'000	As at 30th September, 2020 HK\$'000
Not later than 1 year	3,236	3,495
More than 1 year but not later than 2 years	3,022	681
More than 2 years but not later than 3 years	2,452	66
	8,710	4,242

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

18. [Related Party Transactions](#)
Compensation of key management personnel

	Six months ended 31st March,	
	2021 HK\$'000	2020 HK\$'000
Basic salaries	3,899	3,851
Bonuses	2,219	9,586
Retirement benefit costs	13	18
	6,131	13,455

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

19. [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 condensed consolidated financial statements approximate to their fair values.

20. [Event after the Reporting Period](#)

There is no significant subsequent event after the reporting period.

Interim Dividend and Closure of Register of Members

The Board has declared an interim dividend of 5.5 HK cents per share for the six months ended 31st March, 2021 payable to the shareholders of the Company whose names appear on the register of members of the Company (the “Register of Members”) at the close of business on Wednesday, 16th June, 2021. The Register of Members will be closed on Tuesday, 15th June, 2021 and Wednesday, 16th June, 2021, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 11th June, 2021. The relevant dividend warrants will be dispatched to shareholders of the Company on Friday, 2nd July, 2021.

Audit Committee

The Company’s Audit Committee comprises Prof. Wong Lung Tak, Patrick, Mr. Wong Chun Nam, Duffy and Dr. Wong Chi Keung who are the independent non-executive directors of the Company. The Audit Committee 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 14 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 31st March, 2021 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the condensed consolidated financial statements of the Group for the six months ended 31st March, 2021. It has also reviewed this report.

Remuneration Committee

The Company established a Remuneration Committee on 26th 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 15th 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 22nd 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 Board succession. 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 10th 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 31st March, 2021, 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 10 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	8,000,000 ordinary	–	–	8,000,000 ordinary	1.18%
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of controlled corporations	9,564,000 ordinary ⁽¹⁾	–	155,333,760 ordinary ⁽¹⁾	164,897,760 ordinary	24.23%
	Water Oasis Company Limited	Beneficial owner	165,000 non-voting deferred	–	–	165,000 non-voting deferred	–
Lai Yin Ping	The Company	Interest of spouse	–	8,000,000 ordinary ⁽²⁾	–	8,000,000 ordinary	1.18%
Wong Chun Nam, Duffy	The Company	Beneficial owner	600,000 ordinary	–	–	600,000 ordinary	0.09%
Tam Siu Kei	The Company	Beneficial owner and interest of spouse	3,696,000 ordinary	2,294,000 ordinary ⁽³⁾	–	5,990,000 ordinary	0.88%

Notes:

- (1) 9,564,000 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.

As at 31st March, 2021, 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

Particulars of the share option scheme are set out in note 16 to the condensed consolidated financial statements.

On 24th February, 2012, the Company adopted a new share option scheme, which replaced the old share option scheme that was expired on 22nd January, 2012.

Other than as disclosed above, 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 31st March, 2021, 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%
Advance Favour Holdings Limited ⁽³⁾	Registered owner/ Personal interest	64,506,880	9.48%
Billion Well Holdings Limited ⁽⁴⁾	Registered owner/ Personal interest	77,666,880	11.41%
Lai Yin Ling ^{(3)&(4)}	Interest of controlled corporations/ Corporate interest	142,173,760	20.89%

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 and 20% owned by her son, Mr. Tam Yue Hung.
- (3) Advance Favour Holdings Limited is a British Virgin Islands company beneficially owned by Ms. Lai Yin Ling, the sister of Ms. Lai Yin Ping, an executive director of the Company.
- (4) Billion Well Holdings Limited is a British Virgin Islands company beneficially owned by Ms. Lai Yin Ling, the sister of Ms. Lai Yin Ping, an executive director 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 31st March, 2021, 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 the code provisions set out in the CG Code during the period under review except for certain deviations as more specifically described below.

CG Code provisions	Description of deviations
A.1.3	<p>Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.</p> <p>However, due to the delay in publication of the final results announcement of the Group for the year ended 30th September, 2020 (the "Final Results"), the Company had failed to comply with such requirements with proper prior notice for the board meeting convened for approval of Final Results.</p>
C.1.2	<p>The Company's management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each director of the Company to discharge their relevant duties.</p> <p>Due to the delay in publication of the Final Results, the management of the Company has failed to provide any management updates on a monthly basis during the six-month period ended 31st March, 2021.</p>

Compliance with the Model Code for Securities Transactions

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, 28th May, 2021

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

Audit Committee

Wong Lung Tak, Patrick, B.B.S., J.P. (*Chairman*)

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

Wong Chi Keung

Remuneration Committee

Wong Chun Nam, Duffy, B.B.S., J.P. (*Chairman*)

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

Wong Chi Keung

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.

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.

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

Company Secretary

Lee Pui Shan

Independent Auditor

BDO Limited

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

Level 54, Hopewell Centre

183 Queen's Road East

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

18th Floor, World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

Stock Code

1161

Website

www.wateroasis.com.hk

OASIS
homme

OASIS
beauty

OASIS
medical

OASIS
spa

OASIS
Hair Spa
生髮活髮中心

OASIS
mom
古法紫肚專家

OASIS
Florist

ERNO LASZLO
NEW YORK

 Eurobeauté

GLYCEL
SWITZERLAND

H2O+™

WATER
JUICERY

Hong Kong 香港 | Macau 澳門 | Mainland China 中國

www.wateroasis.com.hk

18/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
香港銅鑼灣告士打道280號世貿中心18樓