

[For Immediate Release]



Water Oasis Group Limited Announces 2021 Interim Results

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*Remains Profitable despite Pandemic with Online Product Sales Rise 56%
 Actively Prepares, Opens New Stores and Upgrades Existing Premises to
 Gear Up Fully for Future Business Uptrend*

FINANCIAL HIGHLIGHTS

- Group's revenue for the period fell by 14.0% to approximately HK\$314.9 million when compared with that of the same period last year. The decrease on both product and beauty services segments were significantly affected by ongoing anti-pandemic activities, including the reintroduction of stringent measures to combat new waves of the virus over the holiday season.
- Group's product sales mix decreased to 19.9% from 20.1% while beauty services mix was adjusted to 80.1% from 79.9% of the same period last year.
- Group's total costs consisting of advertising, rental, staff and other costs as a whole decreased by approximately 17.0% on a period comparison basis which included the Government's Employment Support Scheme subsidy. Besides, the Group also received anti-epidemic subsidies for the retail and beauty service industry from the Government during the period.
- Profit for the period amounted to HK\$58.8 million, representing an increase of 34.1% when compared with that of the same period last year.
- Recommend the payment of an interim dividend of 5.5 HK cents per share.

OPERATION HIGHLIGHTS

Beauty Services

- Due to COVID-19, all the Group's services business brands in Hong Kong during the period recorded a decrease in revenue when compared with that of last year, except in the PRC.
- 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 in the second half of financial year 2020, gaining increased exposure and excellent brand recognition.
- Two new Glycel outlets have been added to the range recently including one opened in Park Central in Tseung Kwan O in August 2020, just before the period under review and a second Glycel outlet opening in The LOHAS in LOHAS Park in November 2020.
- As at 31st March, 2021, the Group operates 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 as well as 3 self-managed Oasis Beauty centres in PRC and 1 Oasis Beauty Store in Macau.

Product Sales

- Product sales for the Group in Hong Kong during the period also recorded a decrease across all brands except PRC. Sales performance on online platform recorded a promising increase of approximately 56% during the period.
- As at 31st March, 2021, the Group operated a total of 11 retail outlets for all brands located in Hong Kong and Macau.

Outlook

- The Group has high confidence in the value of all its brands and will continue to open new outlets tapping into new growth opportunities.
- Two major new outlets will be opened in coming 6 months including a new 6,000 sq. ft. flagship Glycel Skinspa, with an Oasis Medical Centre included, in the Festival Walk shopping centre in Kowloon Tong, replacing the existing 1,600 sq. ft. Glycel Skinspa, as well as a new Oasis Beauty centre in Park Central in Tseung Kwan O, supplementing its existing Glycel outlet in the same shopping mall.
- In September 2021, the Group 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.

(Hong Kong, 28th May, 2021) --- **Water Oasis Group Limited** (“Water Oasis” / the “Company”) (HKEX: 1161), a renowned beauty services and beauty product retail group, today announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for six months ended 31st March, 2021.

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. This reflected the fact that the 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.

Mr. Tam Siu Kei, Alan, Executive Director and Chief Executive Officer of Water Oasis, said, “Despite the fall in revenue, patronage and sales were quick to recover in periods when anti-pandemic measures were eased. We have been active in brand promotion and in maintaining good online exposure. We have 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, we are preparing ourselves to be in full readiness once the market recovers and consumers regain their confidence.”

Business Review

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%.

Beauty Services

All the various Oasis brand stores in Hong Kong and Macau experienced a comparative fall in revenue 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.

A number of new treatments were introduced that further expanded the beauty options available for Oasis customers. The expansion of the Oasis treatment portfolio was just one part of a larger strategy of preparation for growth. 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 performance of Glycel Skinspas tracked the performance of the Oasis portfolio, with an expected drop in revenue. The Group continued to roll out new Glycel treatments to keep its brand profile high and express its confidence in the future.

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

Product sales were down by comparison with the previous period, once again mainly due to the social distancing restrictions. However, the Group went ahead with the launches of several exciting new products, all supported by strong marketing campaigns with a focus on social media exposure and traction.

The Group's various online retail platforms all performed steadily, 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

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 will continue to support its brands by looking to open new outlets. 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 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.

Furthermore, 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.

Mr. Tam concluded, "We have taken key steps to be ready and prepared for a return to pre-pandemic beauty services and beauty product engagement by consumers. We have established ourselves as a dynamic, committed provider in the market, and have generated widespread confidence and trust in our brands, our products, and our customer care. We look forward to soon once again building strong value for our stakeholders."

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About Water Oasis Group Limited

The Group is a leading beauty services provider and beauty product retailer in Hong Kong. Founded in 1998 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2002, from its beginnings the Group has been one of Hong Kong's most innovative companies within its industry, and has been responsible for numerous "firsts". Coupling a clear vision with a constant impetus for development and transformation, the Group has expanded over the years into an esteemed provider of beauty services while continuing to hold a strong product portfolio of self-owned and licensed brands. For more information, please visit www.wateroasis.com.hk

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