

[For Immediate Release]



## Water Oasis Group Limited Announces 2021 Annual Results

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*Remarkable Results amid Economic Recovery with Profit Up 519%  
Acquires New Business, Opens More Stores and Refurnishes Premises, Fully  
Prepared to Foray into New Markets*

### FINANCIAL HIGHLIGHTS

- The Group's revenue for the financial year increased by 56.2% to approximately HK\$829.9 million when compared with that of last year. The significant increase in revenue was mainly due to the contribution of the service segment. This was a true reflection of the restoration of consumer confidence due to a more stable situation of COVID-19 in the second half of the year.
- The Group's product sales mix decreased to 15.1% from 22.2% while beauty services mix was increased to 84.9% from 77.8% when compared with that of last financial year.
- For the year under review, the major contributors of Oasis brand portfolio including the Oasis Beauty, Oasis Medical and Oasis Spa as well as Glycel were all performed outstanding, recording a double-digit increase in sales as well as an increase in gross profit margin.
- The Group's total costs consisting of advertising, rental, staff and other costs as a whole recorded a drop in percentage to revenue on a year on year basis which contributed directly to the bottom line. Besides, the Government's Employment Support Scheme subsidy and the anti-epidemic subsidies for the retail and beauty service industry also contributed to this year's financials..
- The Group has acquired a beauty service group, Millistrong and was completed on 28th June, 2021. Millistrong Group is a longstanding beauty service provider as well as a distributor of beauty products.
- Profit for the year amounted to HK\$170.0 million, representing an increase of 519.2% when compared with that of last financial year.
- Recommend the payment of a final dividend of 16.5 HK cents per share.

### OPERATION HIGHLIGHTS

#### Beauty Services Business

- As at 30th September, 2021, the Group including newly acquired Millistrong group for all brands operates a total of 53 beauty salons in Hong Kong, 1 outlet in Macau as well as 3 in PRC.
- Apart from the outstanding sales performance of almost all the existing Glycel outlets, the new relocation of Glycel outlet to a very spacious 6,000 sq. ft. outlet in Festival Walk together with the new opening of Glycel outlet in The LOHAS had made Glycel a better performance in this financial year.
- All Oasis Beauty and Oasis Medical centres performed tremendously well in sales when compared with that of last year. The relocation of both Oasis Beauty and Oasis Medical to prestigious location of Langham Place had proved its success. Besides, the newly opened Festival Walk outlet included a new Oasis Medical also contributed to the sales improvements.

### **Product Sales Business**

- As at 30th September, 2021, the Group including newly acquired Millistrong group for all brands operates a total of 17 retail outlets located in Hong Kong, 1 outlet in Macau as well as 1 outlet in PRC.
- Product sales performed better than last financial year but still below its performance before the pandemic due to the restriction of PRC visitors coming to Hong Kong.

### **Outlook**

- The Group is well forward with plans to open new outlets for its major brands with confidence considering that now is the best time for further expansion and growth.
- Glycel outlet located in One Pacific Centre has expanded its service area by approximately 3,400 sq. ft. to 4,900 sq. ft. in December this year. In addition, the Group has also secured a prime location of over 10,000 sq. ft. in Shatin's Royal Park Hotel in which a new Glycel outlet and an Oasis Medical Centre will be opened in early January next year.
- Other upcoming outlet openings planned for 2022 include a new space at the Gateway Arcade in Tsim Sha Tsui, where the existing Oasis Spa will be supplemented by a Glycel store and an expanded Oasis Medical Centre and is planned to open in June 2022. The Group in the same month also intends to open a much-expanded Oasis Medical Centre on an entire floor of the Soundwill Plaza in Causeway Bay, which significantly increasing the space available for treatment.
- The Group's forward plan in the coming year will generate a strong forward momentum making it ready to embrace new customers with new store openings; new products and treatment; refurbished stores; as well as the latest new equipment. With a strong head-start in the post-COVID climate, the Group is looking forward to showcasing further achievements in the future.

(Hong Kong, 30<sup>th</sup> December, 2021) --- **Water Oasis Group Limited** ("Water Oasis" / the "Company") (HKEX: 1161), a renowned beauty services and beauty product retail group, today announced the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 30th September, 2021.

Overall, the year ended 30th September, 2021 was a very positive one for the Group despite the ongoing impact of the COVID-19 pandemic throughout the year. The restoration in consumer confidence in the second half saw the Group's sales increase, especially in beauty service, and all the Group's service brands performed healthily. Consequently, the Group's consolidated revenue rose by 56.2% compared with its revenue for the year ended 30th September, 2020. The consolidated gross profit margin ("GP") for the Water Oasis Group rose year on year, from 90.5% to 92.2%, as a result of an increasing predominance of higher-margin beauty services in the sales mix – with its beauty services moving to 84.9% of the sales mix as against 77.8% last year. Total profit for the year to a historical high level of HK\$170.0 million, against HK\$27.5 million for 2020..

The Group's bank balances and cash reserves as at 30th September, 2021 amounted to approximately HK\$369.7 million. Its current ratio was 0.7:1 and its debt-equity ratio was 1.8%. The board of directors recommend the payment of a final dividend of 16.5 HK cents per share, making the full-year dividend 22.0 HK cents per share (2020: 6.0 HK cents).

**Mr. Tam Siu Kei, Alan, Executive Director and Chief Executive Officer of Water Oasis, said, “**

The Group's diligent efforts to move Water Oasis forward and plan for the future in a year when many businesses have been struggling to cope with the effects of the pandemic have reaped excellent rewards. As consumption of beauty products and services has normalised in recent months, the Group has been ready to embrace new customers with new products, refurbished stores, and the latest new equipment, foraying into new markets with quality beauty services and products."

### **Business Review**

The Group's sales mix as at 30th September, 2021 stood at 84.9% services to 15.1% product. However, the overall consolidated GP margin only rose to 92.2%.

### **Beauty Services**

In a rapidly recovering local environment, all Oasis beauty services brands performed strongly in the year, with all except for the Macau Oasis Beauty Store achieving double-digit growth year on year.

The nine Oasis Medical Centres in Hong Kong at year-end (one up from the previous year) recovered strongly after a downturn induced by COVID-19 restrictions last year. The growing reputation of the centres and their continual influx of new and advanced medical beauty equipment and treatments have kept customers highly engaged with the brand, and generated steady and strong traffic especially in the second half of the year.

Glycel's spa services performed well over the year, offset only slightly by a small drop in Glycel product sales. The brand was boosted by the opening of a major new Glycel outlet in The LOHAS in November 2020, together with the relocation of its Festival Walk outlet to a huge 6,000 sq.ft. space in June 2021 in conjunction with a new Oasis Medical Centre outlet there. The significant expansion of floor space at these two locations has led to an uptick in custom and a high public profile for the two brands. As at 30 September, 2021 the Group was operating 18 Glycel outlets in Hong Kong, the same as the previous year. However, these included two new or relocated outlets of considerably enhanced size.

### **Product Sales**

The effect of the pandemic has been to place greater weight than ever on online shopping and online brand engagement. We have seen this in the steady rise in sales made via online channels over the past year. Recognising the long-term importance of this trend, we have continued to pour considerable resources into making enhancements to our various online platforms, and attracting new customers to our online shopping channels.

### **Millistrong portfolio**

The newly-acquired Millistrong Group includes two retail product brands, one with eight outlets and the other sold in a single outlet, along with a spa brand with five outlets and a single medical beauty location. These brands all have longstanding and loyal customer bases, and new products and services continued to be rolled out in the three months (July, August and September) after the Group completed its acquisition on 28th June, 2021. Results have been steady and the group sees the Millistrong acquisition as holding much potential for future development.

### **Outlook**

COVID-19 still affected the Group's operations in the first half of the year, but as the pandemic situation stabilised in the second half, the Group's performance improved steadily. The Group believes that the prospects for steady ongoing business growth are strong. Added to this is the fact

that, as a result of the pandemic, rental rates have declined and landlords are more prepared to negotiate than they have been for a long time. The Group has negotiated some excellent rental deals that are enabling it to expand its floor space, attract more customers, and expand its market share.

Meanwhile, the Group is well forward with plans to open new stores for its major brands. In November this year, after year-end, it opened a large new Oasis Medical Centre in The LOHAS shopping mall. Glycel has also expanded its existing outlet in One Pacific Centre in December this year, increasing its service area by 3,374 sq ft to 4,852 sq ft. In addition, it has also secured a prime location of over 10,000 sq. ft. in Shatin's Royal Park Hotel which will open with a new Glycel outlet and an Oasis Medical Centre early in the new year. Other upcoming outlet openings planned for 2022 include a new space at the Gateway Arcade in Tsim Sha Tsui, where the existing Oasis Spa will be supplemented by a Glycel store and Oasis Medical Centre. Opening is tentatively scheduled for June 2022. In that month, the Group intends to open a much-expanded Oasis Medical Centre on an entire floor of the Soundwill Plaza in Causeway Bay, significantly increasing the space available for treatments.

Online product sales have continued to rise in the past year, and the Group will continue to devote resources to its online sales platforms to keep this trend going in the coming year.

**Mr. Tam** concluded, "As our business returns to almost pre-COVID levels, the Group is very confident about the quality of its offerings, its customer relationships, and its strategies for growth. I look forward to further milestones and new successes in the year ahead."

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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](http://www.wateroasis.com.hk)

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