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Water OASIS Group

奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

SETTLEMENT DEED RELATING TO ACQUISITION OF A BEAUTY COMPANY

Financial Adviser



YU MING INVESTMENT MANAGEMENT LIMITED

禹 銘 投 資 管 理 有 限 公 司

Reference is made to the announcements of Water Oasis Group Limited (the “**Company**”) dated 29 March 2021, 9 June 2021 and 28 June 2021 (the “**Announcements**”) in relation to the acquisition of the entire issued share capital of a beauty company by the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

SETTLEMENT DEED

Completion of the Sale and Purchase Agreement took place on 28 June 2021. As at the date of this announcement, the Purchaser has paid HK\$33,750,000 as part of the Base Consideration of HK\$45,000,000 to the Vendor.

Subsequent to the Completion, disputes (the “**Disputes**”) have arisen between the parties relating primarily to, inter alia, the approach to the preparation of the Completion Accounts and determination of the Total Consideration.

Having used the best endeavours to attempt to resolve the Disputes but without success, the Purchaser, the Vendor and the Guarantors were of the view that it is in their respective best interest to avoid costly and lengthy legal actions by entering into a deed of settlement dated 23 June 2022 (the “**Settlement Deed**”) for full and final settlement of the Disputes. Pursuant to the Settlement Deed, the parties agreed and confirmed, among others:

- (i) the consideration for the Acquisition shall be finally and conclusively determined as and fixed at HK\$42,350,000 (the “**Final Consideration**”) with dispensation from the adjustment mechanics under the Sale and Purchase Agreement. The balance of the Final Consideration payable by the Purchaser is HK\$8,600,000; and
- (ii) the Purchaser shall pay HK\$70,000 to the Vendor for the settlement of the Vendor’s legal fees in respect of the Settlement Deed.

REASONS AND BENEFITS FOR ENTERING INTO THE SETTLEMENT DEED

The Company has spent for almost one year to resolve the Disputes since the Completion on 28 June 2021. Significant time and resources have been devoted by the Company to liaise with the Vendor and Guarantors but without success.

The Company considered initiating legal proceedings but was concerned about the time, cost as well as uncertainty along that path. The Company also envisages possible impact on the morale, operation and business development of the Target Company during the course of legal proceedings, and may affect the otherwise seamless integration of the Target Group with the Group.

Taking into consideration of the above, the Board is of the view that the Settlement Deed is a time efficient, relatively cost effective means to achieve a determinable outcome on the Disputes, and will free up management time to focus on business development of the Group (including the Target Group) for the benefits of the Company and its Shareholders. The entering into of the Settlement Deed is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE SETTLEMENT DEED

Based on the Final Consideration of HK\$42,350,000 and the net identifiable liabilities of the Target Group of approximately HK\$26.7 million as at Completion, it is expected that the goodwill arose from the Acquisition would be equivalent to approximately HK\$69.0 million and remains a discloseable transaction as first disclosed on 29 March 2021. Shareholders and potential investors should note that such potential financial effect is subject to audit by the auditors of the Company.

On behalf of the Board
Water Oasis Group Limited
Tam Siu Kei

Executive Director and Chief Executive Officer

Hong Kong, 23 June 2022

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. and Dr. Wong Chi Keung.