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Water OASIS Group

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## **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 2024**

#### **FINANCIAL HIGHLIGHTS**

- The Group's revenue for the six months ended 31 March 2024 (the "period") increased by 2.3% to approximately HK\$503.4 million when compared with that of the same period last year.
- During this period the economic environment was very muted. Hong Kong's economy has struggled to gain momentum, with a falling property market and an inactive stock market weighing heavily on local confidence. With the local mood also being weighed on by global conflicts further afield, consumers are increasingly cautious in their discretionary spending. Against that background, the Group is pleased to be able to report a generally positive result for the period.
- During the period under review, the ratio of beauty services to beauty products in the Group's portfolio went from 82.9% to 17.1% a year ago to 84.1% to 15.9%. Due to good performances by its major beauty services brands, the Group's gross profit margin also rose year-on-year, from 89.4% to 90.2%.

- In the first six months of this financial period, the Group invested heavily in advertising campaigns to maintain a high public profile and to actively reach out to new customers which led to an increase in advertising expenses from 1.4% to 2.1% of revenue. Depreciation cost for property and equipment remained stable at 4.5% of revenue generated by the Group's policy of undertaking ongoing store renovations, as well as its commitment to purchasing the latest beauty machines and equipment. Staff costs rose by 8.6%, driven by the extremely competitive employment environment in Hong Kong.
- The Group recognised a non-cash goodwill impairment amounting to HK\$11.4 million. To enhance the Group profitability, the Group will focus on retail selling of HABA products in Hong Kong and not to extend the distributor rights of HABA products in Mainland China attributable to underwhelming performances.
- Profit for the period amounted to HK\$40.1 million, as against HK\$57.1 million for the same period last year.
- Recommend the payment of an interim dividend of 3.5 HK cents per share.

## **OPERATION HIGHLIGHTS**

### **Beauty Services Business**

- As at 31 March 2024, the Group including the brands of Glycel, Oasis Beauty, Oasis Medical Centre, Oasis Spa, Oasis Dental, 32°C, spa ph+ and AesMedic Clinic operates a total of 54 beauty salons in Hong Kong, 2 outlets in Macau as well as 3 outlets in Mainland China.
- Generally, the Group's beauty services brands performed well within a weak environment in the period, despite facing challenges in a number of areas. One was the increasing trend for Hong Kong consumers to travel outside Hong Kong for long weekends or holiday periods. The Group is exploring ways to enhance and streamline its communication with customers to help overcome this issue.
- During the period under review, the Group spent HK\$11.7 million on store renovation and relocation and equipment purchases. Of the total amount, HK\$8.1 million was allocated for the relocation of its flagship Glycel store in Causeway Bay to spacious premises in the Soundwill Plaza, reinforcing the brand's credentials as one of Hong Kong's leading beauty providers and creating strong inter-brand synergies with others of the Group's brands nearby.
- In Mainland China, the Group closed one of its Oasis Beauty centres in Beijing in the period.

### **Product Sales Business**

- As at 31 March 2024, the Group operates a total of 7 retail outlets located in Hong Kong and 5 outlets in Macau comprising the self-owned brands like Glycel and Eurobeauté as well as those with distribution rights like Erno Laszlo and HABA.
- During the period under review, the Group closed two of its HABA retail outlets in Hong Kong located in Shatin and Tsim Sha Tsui. 1 Erno Laszlo outlet in Shatin was also closed, while another was relocated from Tsim Sha Tsui Harbour City to the Tsim Sha Tsui Facesss mall. These outlet rationalisations are prudent steps in the current challenging market, and will enhance the Group's long-term profitability.

### **Outlook**

- Looking ahead, the market outlook appears gloomy, hence the Group expects its own growth opportunities to be limited in the remainder of the year. This will be a time for the Group to focus on strategic cost optimisation opportunities that will ensure it can maintain a sound and sustainable business structure going forward.
- As the economic outlook for China appears highly unpromising, the Group made the decision to discontinue its China distribution business of the HABA brand and focus its resources on its core market of Hong Kong instead.
- The Group is committed to remaining at the forefront of its industry regardless of market conditions, and being a consistent benchmark for excellence in beauty services and products in Hong Kong. An example of this strategy is the recent strategic relocation of the Group's Glycel flagship store in Causeway Bay, sending a clear message to customers and investors alike that the Group is committed to providing the very best for Hong Kong regardless of the economic climate, and that it has a long-term vision and expectation of business growth.

The board of directors (the “Board”) of Water Oasis Group Limited (the “Company”) herein announces the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 31 March 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

By Order of the Board  
**Water Oasis Group Limited**  
**Tam Siu Kei**  
*Executive Director and Chief Executive Officer*

Hong Kong, 29 May 2024

*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..*