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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)

### **TERMINATION OF DISTRIBUTORSHIP OF ~H<sub>2</sub>O+ PRODUCTS IN THE PRC AND TAIWAN AND UPDATE OF BUSINESS PROSPECT**

This announcement is made by Water Oasis Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

On 20th January, 2012, the Company received from H2O Plus, LLC a letter and two notices of termination, each dated 19th January, 2012, that terminate (i) with effect from 19th January, 2012 the Company’s exclusivity of the distributorship in the People’s Republic of China (the “PRC”) and Taiwan, and (ii) with effect from 19th February, 2012 the Company’s distributorship agreements in respect of distribution of ~H<sub>2</sub>O+ products in the PRC and Taiwan, on the basis that the Company has not met minimum purchase targets of their products for three consecutive years ended 31st December, 2011. The Company has a 90-days period after 19th February, 2012 to sell all remaining inventory. In order to provide for a more orderly transition, H2O Plus, LLC has indicated in the letter that it is willing to extend the effective date of 19th February, 2012 to 1st March, 2012 on terms agreeable to both parties. The distributorship in Hong Kong, Macau and Singapore remains unaffected. The Company’s ~H<sub>2</sub>O+ operations in the PRC and Taiwan contributed approximately 21.8% of its audited consolidated net profit after tax for the year ended 30th September, 2011. The Company continues to maintain a good working relationship with H2O Plus, LLC.

The Company will, notwithstanding this recent development, continue to concentrate its efforts and resources on its self-owned brand GLYCEL and Beauty Services operations, while the business strategy in the PRC shall remain unchanged. GLYCEL also planned to launch its operations in the PRC in September 2012. In addition, the Group will further expand its Beauty Services operation in the PRC through franchised business model.

By Order of the Board

**YU Lai Si**

*Executive Director and Chief Executive Officer*

Hong Kong, 20th January, 2012

*As at the date of this announcement, the executive directors of the Company are Yu Lai Si, Tam Chie Sang, Yu Lai Chu, Eileen, Yu Kam Shui, Erastus and Lai Yin Ping. The independent non-executive directors of the Company are Wong Lung Tak, Patrick, B.B.S., J.P., Wong Chun Nam, Duffy, J.P. and Wong Chi Keung.*