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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)

POSSIBLE INCREASE IN EXPENSES

Based on legal advice recently received by the Company in respect of the remuneration and entitlements of certain of its employees, the Company has noted that it may have erred on its calculations with respect to certain employees in Hong Kong. Initial estimates in relation to prior years' remuneration and entitlements for periods up to 31 December 2012 indicate that the Company may need to make a one-off provision in its consolidated financial statements for such additional payment obligations as may be necessary, of approximately HK\$29 million. Given the large number of employees, the Company is still in the course of working on quantifying the exact sums of this one-off provision. If and to the extent that it has previously erred in its calculations of employee entitlements, the Company expects that, in addition to the provision, its annual staff costs will increase by an estimated 1.7% in this fiscal year based on the Group's existing headcount. These factors will naturally create pressure on the profits of the Company, in particular, in the current financial year. The Company will continue, nevertheless, to do its best to maintain and create shareholders value.

The Company is actively looking into the matter and intends to clarify the entitlements of its employees as soon as practicable. The Company continues to strive to ensure that it fully complies with all legal and regulatory requirements from time to time, and to ensure fair treatment to its employees who the Company values for their contributions to the results of the Company.

By Order of the Board

WATER OASIS GROUP LIMITED

Yu Kam Shui, Erastus

Executive Director and Acting Chief Executive Officer

Hong Kong, 22 January 2013

As at the date of this announcement, the executive directors of the Company are Mr. Yu Kam Shui, Erastus, Mr. Tam Chie Sang, 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, J.P. and Dr. Wong Chi Keung.