



[For Immediate Release]

Water Oasis Obtains Exclusive Distributorship Rights for Erno Laszlo in HK and Mainland China

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*Achieves Excellent 2008/09 Interim Results Amid Economic Turmoil
Profit for the period increased 30% to HK\$45 million*

Highlights

- Group's turnover increased by 26% to approximately HK\$502 million. Both retail and services businesses achieved a double-digit percentage increase in turnover
- Profit for the period of the Group achieved illustrious results of 30% growth than that of same period last year which amounted to approximately HK\$45 million
- Profit for the period from retail businesses in Mainland China achieved a record high results, representing a double-digit percentage increase as compared with the same period last year
- Continuous expansion of ~H₂O+ retail outlets in Mainland China and 203 outlets were opened at the end of May 2009
- Operations of Yves Rocher, the French number one botanical beauty brand, in Mainland China were commenced in September 2008 and a total of 41 outlets were opened at the end of May 2009
- Water Oasis Group has been appointed to be the exclusive distributor of the prestigious first dermatologist's skin-care brand "Erno Laszlo" for Hong Kong and Mainland China. Operations in Hong Kong are expected to commence in June this year
- Recommend an interim dividend of 8.0 HK cents and a special interim dividend of 2.0 HK cents per share

(Hong Kong, June 17, 2009) --- **Water Oasis Group Limited** ("Water Oasis" / the "Group") (Stock code: 1161), a renowned skin-care and beauty service group, announced its interim results for the six months ended 31 March 2009.

The Group recorded turnover of approximately HK\$502 million for the six months ended 31 March 2009, representing a growth of 26% as compared with the same period last year. Profit for the period from the Group's retail businesses in Mainland China reached a record high, rising above last year's result by a double-digit percentage. Group's profit for the period achieved illustrious results of 30% growth than that of same period last year amounting to approximately HK\$45 million. In balance sheet terms, the Group remains favorably with the practice of prudent cash management with cash reserves of approximately HK\$124 million and a low level of gearing of 22% as at 31 March 2009.

An interim dividend of 8.0 HK cents and a special interim dividend of 2.0 HK cents per share have been declared and are payable to the shareholders.

Ms. C. Yu, CEO and Executive Director of Water Oasis, said, “The Group enjoyed a remarkable performance in the six months ending 31 March 2009, achieving encouraging results in the face of a global financial downturn which has hit many other businesses in this industry very hard. The Group’s performance, by contrast, with its strong fundamentals and careful expansion policy contributed to its continued profitability and has to date outstripped that of the previous year, indicating that our growth strategy is well suited to the current economic climate. It is particularly notable that, in the current economic environment in which a number of beauty service providers have been forced to exit the market, our beauty service outlets have continued to experience steady growth.”

“Mainland China has been the key driver for the Group’s financial results for some years now, and this situation is expected to carry on as expansion continues there. Our strategies for growth will therefore remain focused on Mainland China. While, in Hong Kong, the global financial downturn has had a silver lining for the Group, enabling us to renew leases for our retail and spa and beauty premises at lower prices. The knock-on effect will be a further reduction in costs, translating into improved profitability in the coming future.” Ms. C. Yu added.

In Mainland China, the Group continued its steady, solid momentum of expansion for its **~H₂O+ retail business**. As at the end of May 2009, it had a total of 203 outlets in Mainland China, representing a strong increase of 39 over the number reported at the end of May 2008. In Hong Kong and Macau, the Group has enjoyed a consistent, steady presence of 18 outlets, with business remaining stable despite global economic fluctuations. The Group’s contract for distribution of its flagship ~H₂O+ brand for all regions was renewed and became effective starting in January 2009. By the end of fiscal 2009, the Group aims to further increase the number of operating outlets in both Mainland China and Hong Kong.

Recently, the Group obtained an exclusive distributorship rights for an international high-end skin-care brand “Erno Laszlo”, for both Hong Kong and Mainland China. The Group is very optimistic about this development, which targets a higher-spending clientele. The long-history brand was founded by a renowned Hungarian dermatologist Dr. Erno Laszlo in 1927 and is recommended by celebrities and Hollywood movie stars. It is expected to begin operations in June this year, beginning in Hong Kong. The Group is also pushing ahead with the relevant procedures for registering the brand in Mainland China, and expects to launch the new products there next year.

The **Yves Rocher business in Mainland China** expanded rapidly during the past six months. From a beginning of 7 outlets when it took on this brand, by the end of May 2009 the Group had 41, with the new outlets all being launched with a new fresh brand design. The new-look Yves Rocher has been well received by consumers, spurring further growth.

The Group's **Neutrogena** distribution contract with Johnson & Johnson expired at the end of March 2009, following which the brand-owner paid the Group a satisfactory compensation sum. This has enabled the Group now to focus on developing and expanding other promising brands within the Mainland China market.

The Group's **spa and beauty business** managed to achieve steady performances with its 2 high-end spa and 17 mid-range beauty services centres over the past six months and continue to contribute a significant proportion of the Group's turnover, amounting to approximately 23%. Recent new treatments and beauty packages the Group has put on offer have been widely recognised as being the best available in the market, helping keep the performance of its beauty sector ahead of targets. In Mainland China, the Group continues with the 2 Oasis Beauty centres opened last year in Beijing, each in prime locations.

One other development in the Group's beauty services was the launch of its first Oasis Medical Centre in January 2008. It quickly achieved a positive bottom line and is now firmly profitable. Having experienced excellent early results, the Group is already looking to launch a second such Centre, scheduled to open in July this year.

“Looking ahead, the Group is working hard to keep up the momentum it has created, especially in Mainland China, as it moves towards its target of becoming a multi-brand distributor. With the Group's good financial management and its strong cost controls, and our ability to plan and carry out realistic expansion and consolidation initiatives, these fundamental strategies will continue to drive its growth in the coming year.” Ms. Yu concluded.

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About Water Oasis Group Limited

Founded in 1998 and listed on the Main Board of the Stock Exchange of Hong Kong in March 2002, Water Oasis Group operates principally retail sales of ~H₂O+ skin-care products in Hong Kong, Macau, Taiwan, Singapore and the Mainland China through a total of 238 outlets. The Group also operates a French number one botanical beauty brand “Yves Rocher” and formed joint ventures with majority shareholding, operating 41 outlets in Mainland China at the end of May 2009. In 2009, the Group obtained an exclusive distributorship rights for an international high-end skin-care brand “Erno Laszlo”, for both Hong Kong and Mainland China. Water Oasis also operates spa and beauty services businesses under the “Oasis Spa”, “Oasis Beauty”, “Aqua Beauty” and “Oasis Homme” brands. This represents a total of 19 beauty centres in Hong Kong. In addition, the Group operates one medical beauty centre in Hong Kong under the brand “Oasis Medical Centre”, providing a full spectrum of professional beauty services to customers. On the other hand, the Group also operates 2 beauty centres under the brand “Oasis Beauty” in Mainland China.

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