

Water Oasis Group Limited
A New Leaf for Refreshed Growth

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Financial Highlights

- Group's turnover and profit for the period attributable to owners of the Company for the six months ended amounted to approximately HK\$444.3 million and HK\$24.2 million respectively
- The performance of Oasis Medical Centres has been outstanding, achieving an increase of approximately 79% in turnover when compared with the same period last year
- Turnover of Yves Rocher, although remains at an early stage, increased by approximately 184%
- Recommend an interim dividend of 3.0 HK cents per share
- Our Group has placed approximately 24.8 million shares and issued a HK\$39.0 million Convertible Bond to an investment holding company within Darby Asia Mezzanine Fund II, L.P. ("DAMF II"), part of the private equity arm of the globally renowned Franklin Templeton Investments in April 2010

Operation Highlights

- The Group had a total of 330 outlets including all brands in Mainland China as at the end of May 2010, representing an increase of 84 outlets when compared with that of same period last year
- Launched the Group's first owned and operated brand JM Makeup on 1 April 2010
- Acquisition of "Glycel" brand, a Swiss-developed anti-aging skin-care was completed on 28 May 2010 bringing new source of revenue contribution to the Group
- A 7,500 square feet deluxe high-end Spa shall be opened in mid-June this year and a 2,500 square feet of Oasis Medical Centre has been opened in May 2010. Both centres are located at prime Harbour City location in Tsim Sha Tsui

(Hong Kong, June 17, 2010) --- **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 2010.

The Group has recorded a decrease in turnover to approximately HK\$444.3 million when compared with that of same period last year. The primary cause of this decrease was the ending of the Group's distribution agreement for the Neutrogena brand at the end of the second quarter of last financial year, while, the contribution from the sales of the two new brands Yves Rocher and Erno Laszlo has been at an early stage. However, turnovers of both brands showed an ongoing upward trend. On the other hand, the Group's profit for the period attributable to owners of the Company for the six months ended 31 March 2010 was approximately HK\$ 24.2 million,

after taking into account the amortisation costs of the option rights granted to Mr. Francis Leung's company, Luminary Capital Limited.

An interim dividend of 3.0 HK cents per share have been declared.

Ms. C. Yu, CEO and Executive Director of Water Oasis, said, "After spending several years establishing ourselves in the retail market in China and consolidating our strengths as a brand distributor, we are moving in important new directions and picking up the pace of development by making the transition from brand distributor to multi-brand owner. As a brand-owner, we will have greater control over each brand, and will be in a better position to create long-term sustainable value for shareholders. Furthermore, such controlled diversification will enable us to systematically expand our coverage and embrace new customer demographics."

To pursue the goal of developing into a successful multi-brand owner, the Group first self-owned brand JM Makeup was launched in 1 April 2010 in China and the acquisition of Glycel, a Swiss-developed anti-aging skin-care product brand, was also completed in 28 May 2010. Glycel is a widely recognised and respected brand with long history. Its trademarks are registered in over 60 countries worldwide and has good existing distribution channels in Hong Kong, where it has been sold for over 20 years. Given the Group's industry expertise and its established platforms for distribution and service delivery, particularly in Mainland China, Hong Kong and other Asian countries, the opportunities for growth through the Glycel brand are significant.

In addition, the Group has been active in maintaining and promoting its existing licensed skin-care and beauty brands, which include ~H₂O+, Yves Rocher and Erno Laszlo. The Group had a total 330 outlets including all brands in Mainland China as at the end of May 2010, representing an increase of 84 outlets when compared with that of same period last year. Out of these brands, turnover of Yves Rocher increased by approximately 184% by comparison with the same period last year. The Group's total number of retail outlets has increased to 367 outlets at the end of May 2010. In Mainland China, the turnover for ~H₂O+, in the PRC rose slightly by approximately 2%, partly as a result of the Group's strategy of regularly refreshing brand images. As at the end of May 2010, the Group had a total of 243~H₂O+ outlets in Mainland China.

As for the Group's beauty service business in Hong Kong and China, which includes its Oasis Beauty Centres, Oasis Spa Centres, Oasis Medical Centres, and Beijing Beauty Centres, had a total of 23 outlets as at the end of May 2010. The Group's Oasis Medical Centres achieved an outstanding increase of approximately 79% in sales when compared with that of the same period last year. Also, the Group is going to open a brand new 7,500 square feet deluxe Spa Centre in mid-June 2010 and the third new Oasis Medical Centre has already been opened in May 2010. Both centres are located in the prime Harbour City location in Tsim Sha Tsui, Kowloon, creating

a new flagship premises for its high-end beauty services in Hong Kong.

Recently in April 2010, the Group has secured investment from DAMF II, part of the private equity arm of the globally renowned Franklin Templeton Investments, through the issue of convertible bonds and shares. The issue will bring the Group proceeds of around HK\$78.0 million, which have been earmarked for the potential acquisition of new skin-care brands or sizeable beauty service chains in the PRC, along with the development or refreshing of existing ones.

“Looking ahead, we will continue to push towards diversification and expansion. With new moves into brand ownership, realised by JM Makeup and Glycel, we are expecting to see profits from the new business follow in the second half of the year. In particular, we will be looking to engage in more M&A moves as appropriate, guided by the expert assistance of Mr. Francis Leung. With good supplies of capital in hand, we are very well-placed to step up to our new role achieving dynamic growth and consolidating our position as one of the leading skin-care and beauty groups in the Greater China region.” 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 is one of the leading skin-care and beauty groups in the Greater China region. Over the years, the Group has established an extensive sales and distribution network in the region, particularly in China. The Group operates 367 retail outlets for all regions with exclusive distribution rights for branded skin-care products, including the renowned American ~H₂O+, and Erno Laszlo brands, and a French botanical beauty brand Yves Rocher. To complement its existing business strategy as a branded products distributor, the Group has also successfully launched its first self-owned and managed cosmetic products brand “JM Makeup” in April 2010 targeting for the mass market in China. In April 2010, the Group entered into an agreement on the acquisition of “Glycel”, a premium Swiss anti-aging skin-care brand and the deal was completed on 28 May 2010. In addition to its retail business, Water Oasis also operates spa and beauty as well as medical beauty services businesses under the brand names of “Oasis Spa”, “Oasis Beauty”, “Aqua Beauty”, “Oasis Homme” and “Oasis Medical Centre”. These represent a total of 23 beauty centres, providing a full spectrum of professional beauty services to customers. For more information, please visit www.wateroasis.com.hk

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