

[For Immediate Release]

Water Oasis Achieves Record High Group's Profit for the Year of HK\$83 Million

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Eyeing on Acquisition Opportunities to Accelerate Development Pace

Financial Highlights

- Group's turnover combining both retail and services businesses were increased by around 9% to approximately HK\$921 million.
- Group's profit for the year achieved record high which amounted to approximately HK\$83 million
- Recommend a final dividend of 10.0 HK cents per share and a bonus issue of share in the proportion of one bonus share for every one existing share held.

Operation Highlights

- Continuous expansion of ~H₂O+ and Yves Rocher retail outlets in Mainland China to 231 and 83 outlets respectively at the end of December 2009.
- The Group has been awarded with the "Erno Laszlo" exclusive distributorship for both Hong Kong and Mainland China in June 2009. The first "Erno Laszlo" outlet in Hong Kong was opened in October 2009 and business operation in Mainland China is expected to commence in the second half of 2010.
- Planned to open the first Spa centre with over 10,000 sq. ft. in prime location in Kowloon in 2010.
- The business of the Group's owned brand "Jimmy" on cosmetic products is expected to commence in March 2010, focusing on enormous potential mass beauty product market in Mainland China.
- The second Oasis Medical Centre was opened in late July 2009 in Hong Kong following the success of our first centre opened in 2008.
- Actively pursuing for merger and acquisition opportunities for group business expansion.

(Hong Kong, January 14, 2010) --- Water Oasis Group Limited ("Water Oasis" / the "Group") (HKEx: 1161), a renowned skin-care and beauty service group, announced its annual results for the year ended 30 September 2009.

The Group's turnover combining both retail and services businesses were increased by around 9% to approximately HK\$921 million. Group's profit for the year achieved record high of approximately

HK\$83 million. Basic earnings per share were 22.0 HK cents (2007/08: 19.7 HK cents). The Board of Directors has recommended a final dividend payment of 10.0 HK cents per share, bringing the full-year dividend to 20.0 HK cents per share (2007/08: 21.5 HK cents per share). In addition, a bonus issue of share in the proportion of one bonus share for every one existing share held has also been recommended.

Ms. C. Yu, CEO and Executive Director of Water Oasis, said, “The past year was challenging for businesses worldwide, but it is pleasing to report that the Group has shown great resilience during this period, along with a shrewd eye for grasping new opportunities. A prime example was our successful acquisition of the distribution rights for the prestigious Erno Laszlo brand and quickly seized the chance to secure good location outlets on very favourable terms when retail rental tumbled in response to global economic conditions. Our businesses have performed well and have seen solid improvements in several areas, and this has put us in a strong position to continue expanding and growing our business in the immediate future.”

During the year under review, the Group’s **~H₂O+ retail business** in the Mainland China market remain one of the key drivers for the Group’s growth. As at the end of December 2009, there were a total of 231 outlets in operation, against 192 at the end of December a year earlier, representing an increase of around 20%. The Group’s prime focus in this market is to keep expanding with prudence. Like China, the ~H₂O+ markets of Hong Kong and Macau have each enjoyed a robust year. The Group opened 2 additional ~H₂O+ outlets in Hong Kong during the second half of the fiscal 2009 to meet additional demand and broaden its geographical coverage. The Group will continue to expand the number of its ~H₂O+ outlets and keep the ~H₂O+ brand fresh and vibrant.

During the year under review, the Group has been rapidly expanding the number of its **Yves Rocher** outlets. At the end of December 2009 these stood at 83, up from just 7 at the start of its operation in September 2008. In March 2009 the Group also began its Yves Rocher franchise business, which will help expand its market coverage in Mainland China.

Additionally, the Group successfully grasped a prime opportunity to add a highly reputable brand, ‘**Erno Laszlo**’, to its brand portfolio. In June 2009, the Group signed exclusive distributorship agreements for both Hong Kong and Mainland China. The first Hong Kong store, in a prime Tsim Sha Tsui location, opened in October 2009, and has performed well. Encouraged by these early results, the Group has secured its second Erno Laszlo store, located in a premier shopping mall in Kowloon Tong. It is scheduled to open in late January 2010. As for the planned Mainland China distribution, the Erno Laszlo products are currently going through the required product registration process in preparation for an anticipated launch in the second half of 2010.

Furthermore, the Group is finalising the launch of ‘**Jimmy**’, its first self-owned, managed and operated brand. Firmly aimed at the Mainland’s mass and fast consumer goods market, it will be pitched at a lower

price to encourage high volume sales and due for March 2010 launch. The Group will be focusing on the second to third tier cities and extending its traditional Mainland retail outlets, taking in not just department store counters but also hypermarkets, smaller specialist cosmetics shops, and other suitable locations.

Spa and Beauty business continues to achieve excellent results, especially for Oasis Beauty in Hong Kong. The outstanding performance of Oasis Beauty has helped the Hong Kong beauty operations maintain a significant contribution to the Group's turnover. Tightened credit conditions forced a number of local beauty service providers out of business, and many consumers then switched to Oasis Beauty because of its good reputation and the excellent range of unique services. The Group's strong financial base, characterised by prudent financial management, has enabled it to emerge unscathed from the tightened credit environment and secure very favourable terms from its bankers, giving it a distinct advantage over many of its competitors.

A new deluxe Spa centre with over 10,000 sq. feet floor area will be opened in Kowloon in 2010, offering premium and quality beauty experience to customers. In Mainland China, the Group is targeting expansion in other prime cities through merger and acquisition and/or self-development.

Regarding the Group's Oasis Medical Centre, it has proved to be very successful and quickly breakeven with a significant growth of 239% at the profit after tax level. The second medical beauty centre was opened in late July 2009 in Causeway Bay and has moved quickly into profitability. One factor behind the rapid success is the Group's ability to cross-sell its medical beauty services via its beauty services and retail stores networks.

"Recently, we are very pleased to have Mr. Leung Pak To, Francis joining us as consultant. In the ensuing year, we will keep a close eye on opportunities for acquiring beauty centers in Mainland China as well as other quality brands that could complement the Group's portfolio. We believe the strong business connections and experiences of Mr. Leung in the field of corporate finance will benefit the Company in its pursuit of business expansion and diversification." Ms. Yu said.

"Over the years, we have created a strong momentum for growth through steady geographical expansion and the prudent acquisition of new brands and products. With retail sales both in China and Hong Kong picking up from the middle of 2009, and beauty services in Hong Kong enjoying a strong year, the Group is confident that its prospects for the ensuing year remain encouraging and is anticipating a robust year, boosted by new market initiatives and brand launches." **Ms. Yu** concluded.

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 268 outlets. The Group also operates a French number one botanical beauty brand “Yves Rocher” and formed joint ventures with majority shareholding, operating 83 outlets in Mainland China at the end of December 2009. In June 2009, the Group obtained an exclusive distributorship rights for a long history high-end prestigious 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 18 beauty centres in Hong Kong. In addition, the Group operates 2 medical beauty centres 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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