

[For Immediate Release]

Water Oasis Group Limited Energies Channelled into Abundance

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FINANCIAL HIGHLIGHTS

- Group's turnover increased by 16.0% to approximately HK\$515.5 million.
- Profit before taxation increased by 15.8% to approximately HK\$37.5 million as compared with that of the same period last year after including non-cash accounting costs and costs arising from the closure of Yves Rocher operations.
- Oasis Medical Centres' performance has been outstanding, achieving an increase of approximately 114.0% and 127.4% in turnover and profit before taxation respectively when compared with that of the same period last year.
- Glycel continues to make a positive contribution to the Group's profits since its acquisition made by the Group.
- Recommend an interim dividend of 3.0 HK cents per share.

OPERATION HIGHLIGHTS

- The Group's retail outlets for all its brands, excluding Yves Rocher, numbered 321 as at the end of March 2011, representing an increase of 45 outlets when compared with that of the same point last year.
- Both Glycel and Erno Laszlo opened a new shop in Times Square in Causeway Bay during the first half of this fiscal year. In addition, the Group had opened a new ~H₂O+ shop in April 2011 in Times Square.
- Both Erno Laszlo and the Group's self-owned brand, Glycel are in the process of obtaining the Health Permit Product Registration in Mainland China and are expected to launch their operations in the first quarter of next year.
- The Group plans to launch its owned brand "JM Makeup" in LCX, Harbour City in Tsim Sha Tsui, in the middle of June 2011, hoping to drive further sales and expansion in PRC with the influence of Hong Kong trends on Mainland China.
- Exploring on the possibility of opening a fourth Oasis Medical Centre later in the year.
- The Group had terminated all its Yves Rocher operations on the 31st March, 2011, freeing up valuable resources for more profitable business and clearing up the decks for a much stronger second-half performance.

(Hong Kong, 27th May, 2011) --- **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 31st March, 2011.

For the six months ended 31st March, 2011, the Group achieved a rise in turnover to HK\$515.5 million, increased 16.0% over the same period in the previous year, along with a small rise in its gross profit margin, to 77.2% for the period under review from 75.7% in the previous period. The primary cause of this increase was a steady improvement in the performance of the Group's

major brands. For the period under review, the Group had to absorb some non-cash accounting costs of around HK\$10.4 million, which included the costs relating to its share options and convertible bond, as well as costs arising from the closure of its Yves Rocher operations. Even all the above-mentioned costs are included within the Group's result for the period, it still managed to have profit before tax higher than that of the same period last year. However, higher taxation resulted in a lower Group's profit after tax during the period under review than that of the same period last year.

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

Ms. C. Yu, CEO and Executive Director of Water Oasis, said, "The positive results spring partly from the Group's new role as brand owner and distributor, rather than simply brand distributor. Now, besides our classic ~H₂O+ brand, the Group is able to draw on sales from a mix of self-owned and distributed brands, including Glycel and Erno Laszlo in Hong Kong respectively, as well as its self-owned JM Makeup in Mainland China. At the same time, we continue to operate a strong and stable series of beauty and spa services operations, backed by more recent and highly successful initiatives such as the Oasis Medical Centres. This level of diversification has given the Group a wider customer portfolio and a more extensive geographical range, and protects it against market fluctuations in any one segment or brand."

~H₂O+ has seen ongoing growth in turnover and the scale of the Group's ~H₂O+ operations has meant that this brand will remain the primary business driver for the coming year. It has also managed to reduce its advertising costs for marketing, leading to improved results for this segment of its operations. To capture stronger Hong Kong demand, the Group has opened a new ~H₂O+ retail outlet in Times Square in April 2011.

Regarding the Group's self-owned brands, Glycel brand has been performing exceptionally well, achieving profitability despite the relatively short period under the Group's ownership. In December 2010, the Group opened a new Glycel outlet in Times Square, Causeway Bay's premium shopping centre, and it is currently looking for other suitable locations in Hong Kong for expanding retail coverage for the brand. The Group is also currently in the final stage of the accreditation process in preparation for selling Glycel products in the Mainland, after which a China launch is expected to take place in the first quarter of next year.

Moreover, the Erno Laszlo brand is also gradually building up momentum. In the first six months of 2010/11, Erno Laszlo has achieved more than a break-even position, at a small profit, and the Group is expecting it to move forward from here to post higher positive returns in the second half of the year. The Group is planning to launch Erno Laszlo operations in Mainland China in the first quarter of next year.

Also, the Group's another self-owned brand JM Makeup, is already building up its momentum on the Mainland. With the belief that this brand holds plenty of potential for Hong Kong consumers also, the Group plans to launch it in LCX, Harbour City in Tsim Sha Tsui, a prime location for the brand's target market, in the middle of June 2011. Given the influence of Hong Kong trends on China, management is optimistic that a good Hong Kong response to this brand will help drive further sales and expansion in China.

At the same time, the Group's divesting decision to cease its Yves Rocher operations in the PRC at the end of March 2011 has freed up the Group's valuable resources and cleared the decks for a much stronger second-half performance.

On the other hand, the Group's beauty service businesses (which includes its Oasis Beauty in Hong Kong and Beijing, Aqua Beauty, Oasis Homme, Oasis Spa, Oasis Medical Centre and Glycel) operated a total of 28 centres in Hong Kong and China. Its beauty services had exceptionally good performance with a loyal customer base during the period under review. The standout performer on the services side of the business has been the Oasis Medical Centres, for which demand has been very strong. Seeing the popularity of the three Oasis Medical Centres, the Group is now looking at the possibility of opening a fourth centre later in the year.

"The Group's second half prospects appear very bright, and general performance in the next six months is expected to pick up further. In the period under review, the Group did better in terms of turnover and profitability than in the same period last year, and this speaks well of their underlying strength and their potential for further growth. Besides, we are looking for new marketing and distribution arrangements that can further expand the impact of our existing brands. Lastly, we will, as always, remain alert for new M&A opportunities as they arise." 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 with exclusive distribution rights for branded skin-care products, including the renowned American “~H₂O+” and “Erno Laszlo” brands. To complement its existing business strategy as a branded products distributor, the Group has completed acquiring “Glycel” in May 2010 including the trademarks, assets and business operations. Glycel is a premium Swiss anti-aging skin-care brand with trademark registration in over 60 countries. Besides, the Group has also successfully launched its first self-owned and managed cosmetic products brand “JM Makeup” in April 2010 targeting for the mass and fast-moving consumer goods market in China. As at 31st March, 2011, the Group operates a total of 321 retail outlets for all regions for all these retail brands. In addition to its retail business, the Group also operates spas and beauty centres as well as medical beauty centres businesses under the brand names of “Oasis Spa”, “Oasis Beauty”, “Aqua Beauty”, “Oasis Homme”, “Glycel” and “Oasis Medical Centre”. These represent a total of 28 beauty centres including Hong Kong and Mainland China, providing a full spectrum of professional beauty services to customers. For more information, please visit www.wateroasis.com.hk

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