

Water Oasis Group Limited Announces 2011/12 Interim Results

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Releasing New Energies

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**Rolling out Glycel Retail Business and
Oasis Beauty Franchise Business in the PRC****Financial Highlights**

- Group's Profit for the period attributable to owners of the Company increased by 64.9% to approximately HK\$37.9 million as compared with that of same period last year.
- Beauty Services division's performance was outstanding in this period, achieving a double digit increase in both turnover and segment result when compared with that of same period last year.
- Recommended an interim dividend of 4.5 HK cents per share.

Operation Highlights

- On Retail side in HK, two Erno Laszlo counters located at Pacific Place Harvey Nichols and The Landmark Harvey Nichols were opened in October and December 2011 respectively. In addition, a new Erno Laszlo shop located at Hysan Place in Causeway Bay will be expected to open in the third quarter of 2012. Besides, two new Glycel shops are planned to open in HK in the second half of this fiscal year.
- On Beauty Services side in HK, two new Oasis Beauty centres were opened in Yuen Long and Tsim Sha Tsui Harbour City in December 2011 and May 2012 respectively. In PRC, two new Oasis Beauty centres were opened in Winterless Center, Beijing and Xidan, Beijing in November 2011 and March 2012 respectively.
- Glycel has successfully launched its operations in Taiwan and replaced some of the ~H₂O+ outlets with Glycel outlets in strategic prime locations in the middle of March 2012. Besides, the Group has been planning to launch Glycel retail business in the PRC in the third quarter of 2012 once the hygiene permit registration process completed.
- The Group also planned to commence its Oasis Beauty franchising business in PRC in the second half of 2012 and a number of franchisees have signed up to take on this business.
- The previously announced termination of the Group's ~H₂O+ distributorship rights in the PRC and Taiwan has had a limited impact on the Group's first half results, whereas the coming launching of Glycel retail business and Oasis Beauty franchising business in the PRC shall help to diversify and make up the current shortfall in the near future.

(Hong Kong, 30th May, 2012) --- Water Oasis Group Limited ("Water Oasis" / the "Group") (HKEx: 1161), a renowned skin-care retail and beauty services group, announced its interim results for the six months ended 31st March, 2012 ("the period").

For the six months ended 31st March, 2012, the Group's turnover slightly dropped by 3.5% to approximately HK\$497.7 million by comparison with the same period last year (2011: HK\$515.5 million). The previously announced termination of the Group's H₂O+ distributorship rights in the PRC and Taiwan in February this year has had a limited impact on the Group's first half results. The Group still recorded a strong growth in profit for the period. Gross profit margin increased from 77.2% to 79.8% and the profit for the period increased strongly by 96.2% to HK\$36.7 million when compared to that of same period last year. Higher profit for the period achieved in this period was due to better performance on Beauty Services operations which compensated the negative impact of the termination of the ~H₂O+ distributorship rights in the PRC and Taiwan. Basic earnings per share for the period were 5.0 HK cents (2011: 3.0 HK cents as restated).

During the review period, the Group maintained a healthy financial position, with cash on hand amounted to HK\$ 251.7 million as at 31st March, 2012. In view of the Group's strong liquidity due to continuous positive cash flows from operations, and there is no short-term need for major cash outlay, an interim dividend of 4.5 HK cents per share have been declared.

While the cultivation of distribution business continues, the Group has been planning and realizing the plans of launching Glycel retail business and Oasis Beauty franchising business in PRC to boost and diversify incomes from PRC market. Management of the Group are pleased that during the period under review, the comprehensive roadmap drawn for future growth in PRC is realizing.

During the review period, supported by effective marketing and branding campaigns, the Group enjoyed an increase in Glycel's sales performance, accompanied by growth in its bottom line results. Riding on its success in Hong Kong, in the middle of March 2012, the Group has successfully launched and replaced some of the ~H₂O+ outlets with Glycel outlets in strategic prime locations in Taiwan. Besides, the Group began the hygiene permit registration process for selling Glycel in the PRC starting in 2011, which is proceeding smoothly, and the current schedule is targeted to start selling Glycel products there in the third quarter of 2012.

Erno Laszlo brand has also performed well in the interim period. With the opening of two new counters in Harvey Nichols stores in Hong Kong, together with the well performance of existing stores, the bottom-line results of the brand have been boosted.

On the other hand, the Group's beauty services operations have remained strong contributors over the interim period and have continued to display good revenue growth. Following the new opening of the fourth Oasis Medical Centre in Shatin, the Group's total Oasis Beauty and related beauty outlets in Hong Kong had reached 28 as at 31st March, 2012 and continued to perform well.

Encouraged by ideal performance of the beauty services business, the Group intends to carry out a focused expansion of its beauty services offerings. A new Oasis Beauty centre was opened in May 2012 in Hong Kong's prestigious Harbour City shopping mall, an excellent location with high quality shopper traffic. As part of this strategic realignment, the Group will channel new resources into ramping up the brand image of its Oasis Beauty business.

At the same time, the Group is setting up a franchise base for Oasis Beauty centres in the PRC and a number of franchisees have already signed up to take on Oasis Beauty business and expect to launch business in this year. The Group expects several more to follow and this planned outcome is for a comprehensive network of franchised beauty centres in the PRC that will generate steady franchise income for the Group in the next few years.

Looking ahead, apart from the expansion plan on beauty services in the PRC, the Group will be continuing to support and promote the H₂O+ brand to the best of its ability in HK, Macau and Singapore. Meanwhile, a new Erno Laszlo shop located at Hysan Place in Causeway Bay will be expected to open in the third quarter of 2012 and two new Glycel shops are planned to open in Hong Kong in the second half of this fiscal year. At the same time, the Group is adjusting its optimum revenue structure so as to place greater emphasis on its successful beauty services operation, while waiting Glycel's retail business to grow at the same time. The Group will pour significant resources into promoting Glycel in the belief that its rapid HK success is fully translatable into Taiwan and PRC market by taking advantage of its strong existing business networks, market know-how, proven skills and strong resources.

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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. As at 31st March, 2012, the Group operates a total of 326 retail outlets for all regions for all these retail brands. In addition to its retail businesses, the Group also operates spa 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 31 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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