

[For Immediate Release]

Water Oasis Group Limited Announces 2014/15 Interim Results

Profit rose by 603.1% to HK\$33.6 million

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Growth Momentum Continues

Going Upstream with Solid Foundation under Challenging Environment

Financial Highlights

- For the period under review, Group's turnover increased by 7.2% to approximately HK\$354.7 million when compared with that of last year. This was mainly attributable to the strong sales performance in our beauty services segment, representing a double digit growth of 12.6% in its own segment.
- Gross profit margin further increased to approximately 90.6% from 89.8% due to greater contribution made by the Group's high margin products and beauty services.
- Profit for the period increased by 603.1% to approximately HK\$33.6 million when compared with that of last year. This reflected the effectiveness of the Group's "strengthening the core" strategy as well as the absence of some one-off factors mentioned in previous periods.
- Excluding these one-off factors, the Group's profit for the period still increased by 40.4%. However, the Group's turnover was relatively stable when compared with the immediately preceding six-month period under review.
- The Group further increased its weighting in beauty services segment with its sales mix stood at approximately 73% in beauty services and 27% in retail sales.
- Recommended an interim dividend of 4.0 HK cents per share.

Operation Highlights

Beauty Services Business

Glycel Skinspa, Oasis Medical Centre, Oasis Beauty (including Aqua Beauty and Oasis Homme) and Oasis Spa

- As at 31st March, 2015, the Group operated 8 Glycel Skinspa, 18 Oasis Beauty centres (including 2 Oasis Homme and 2 Aqua Beauty), 3 Oasis Spa centres and 6 Oasis Medical Centres in Hong Kong, while in PRC, the Group has retained its 3 Oasis Beauty outlets in Beijing, along with 1 franchised operation.
- A new flagship store located in Central Entertainment Building was opened, comprising Oasis Medical Centre, Glycel and Oasis Homme which help consolidating the brands' profile as well as streamlining running costs and staffing arrangements.
- Particularly outstanding performers in beauty service sector with double digit growth in sales included our Glycel and Oasis Medical brands. Sales performance of Oasis Beauty remained roughly the same as in the comparable previous period while Oasis Spa posted a decrease in sales.
- Building on the strong momentum of the Glycel brand, the Group is planning to take advantage of the upcoming 30th anniversary to launch a major sales push for this brand.
- The Group's new Oasis Health service was launched in April 2015 offering tailored nutritional advices by our registered dietitian to our beauty services customers. In addition, a series of Oasis Health healthcare products is planned to launch later.

Retail Business

Glycel, Erno Laszlo and h2o+

- As at 31st March, 2015, the Group operated 7 outlets of Glycel, 8 outlets of Erno Laszlo and 14 outlets of h2o+ in Hong Kong.
- Retail sales performance of our self-owned brand Glycel was also outstanding achieving a double-digit growth in sales when compared with that of same period last year.
- Two new Glycel outlets were opened during the period including 1 in Venetian Macao-Resort-Hotel in Macau and 1 in Hong Kong International Airport Terminal 2.
- Sales of Erno Laszlo were up by 12.4% for the period under review, reflecting strong demand for the brand and continuing the momentum of recent years which had served to establish Erno Laszlo as a well-recognized skincare brand in Hong Kong.
- The Group's h2o+ business remained stable although the brand experienced a turndown in sales for the period under review mainly due to the closure of some underperforming stores.
- During the period under review, the Group launched a professional medical beauty product line "DermaSynergy" to supplement the medical beauty treatments on offer at our Oasis Medical Centres, delivering a total medical beauty solution to our customers.

(Hong Kong, 28th May, 2015) --- Water Oasis Group Limited ("Water Oasis" / the "Company") (HKEx: 1161), a renowned beauty product retail and beauty services group, announced the interim results of the Company and its subsidiaries (the "Group") for the six months ended 31st March, 2015.

During the period under review, it has been a challenging time for all retailers in Hong Kong, with a number of significant shocks affecting the retail environment. However, the Group was able to achieve successful overall results and a steady momentum of growth across its business sectors. For the six months ended 31st March, 2015, the Group's turnover rose by 7.2% to approximately HK\$354.7 million as compared with that of the same period last year. Gross profit margin rose to around 90.6% from 89.8% for the same period last year on the back of a greater contribution from the Group's service sector in which profit margins are typically higher. Profit for the period rose by 603.1% compared with the same period last year to HK\$33.6 million.

The Group retained a strong cash position of approximately HK\$250.9 million as at 31st March, 2015, which represents an increase of HK\$46.4 million over its cash in hand 12 months earlier. The Board has resolved to declare an interim dividend of 4.0 HK cents per share for the six months ended 31st March, 2015 (six months ended 31st March, 2014: 1.0 HK cent per share).

During the period under review, the Group continued with the consistent implementation of the latest phase of its development programme, summarized in its slogan "Strengthen the Momentum: Transform and Innovate". As at 31st March, 2015, the sales mix of the Group's beauty services sales and retail sales stood at approximately 73% to 27%, up from around 70% to 30% at the same point last year. The change reflects the ongoing shift towards a focus on beauty services that has continued to take place over the year.

The Group's services segment once again performed strongly, with Oasis Medical Centre and Glycel being the standout performers. Overall, the sector recorded an increase in sales of approximately 12.6%. In particular, new initiatives for Oasis Medical Centre and Glycel boosted the performance of these brands significantly, helping them achieve strong sales growth of 37.5% and 42.2% respectively.

One of the standout performers under the Oasis stable has been Oasis Medical Centre, which is

proving a real growth engine of the Group. Further expansion of its services offers a good way of enhancing the customer base and boosting sales. During the period, the Group launched a professional medical beauty product line ‘DermaSynergy’, specially designed to enhance the effects of the medical beauty treatments on offer at our centres through its four-step 28-day cycle, thus delivering a total medical beauty solution to our customers. .

The Group’s self-owned Glycel brand was an outstanding performer for the period, both in terms of its service performance and in retail sales of Glycel products. The brand continued to achieve double-digit growth in sales on the back of effective advertising and increasing consumer awareness of its efficacy, and has been an important contributor to the Group’s improving profit margin. Hong Kong consumers have embraced Glycel enthusiastically, and the Group will tap into this further during the year to come as it leverages on the Glycel brand’s 30th anniversary.

For the licensed brands, the Group’s h₂O+ distribution business remains stable in Hong Kong although the brand did experience a turndown in retail sales for the period, while, sales of Erno Laszlo were up by 12.4% for the period, reflecting strong demand for the brand and continuing the momentum of recent years which has served to establish Erno Laszlo as a well-recognized skincare brand in Hong Kong.

Going forward, the Group will continue the process of innovating and transforming by utilizing new technology and new market insights, and will push on in its efforts to enhance the level of customer experience it offers across its services. Here the focus is on refurbishment that lifts customer experience, rather than geographical expansion, with the end result being a premium beauty services environment for customers. Included in this process of upgrading is the constant renewal of beauty machines and medical equipment for offering clients the very latest and best equipment in the field.

Besides, opportunities to expand its flagship store model will be explored and new channels for product and service delivery tested, all under a multi-brand marketing approach. In order to provide customers with an even more comprehensive stable of services, the Group’s new Oasis Health service was launched as recently as April 2015, to strong positive market response. The customers are able to receive tailored nutritional advice from a registered dietitian in tandem with beauty and body treatments delivered under beauty services brands. A series of Oasis Health healthcare products is planned for launch later.

Ms. Stevie Wong, Chief Executive Officer of Water Oasis, concluded, “Our performance over the six months under review has reinforced the effectiveness of our long-term growth strategy, especially given the way it has been able to ride out the challenges of the period. The Group will continue to work on initiatives that it expects to maintain the upward momentum throughout the period to come. Despite many uncertainties remaining in the economic outlook for Hong Kong as a whole, the Group remains cautiously optimistic about its performance prospects for the coming period.”

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About Water Oasis Group Limited

The Group is a leading beauty services provider and beauty product retailer in Hong Kong. The Group was founded in 1998 and was listed on the Main Board of The Stock Exchange of Hong Kong in 2002, from its beginnings the Group has been one of Hong Kong’s most innovative companies in the industry, developed numerous ‘firsts’. As at 31st March, 2015, the Group’s core beauty services, combined under its “Oasis” brand name, including 14 Oasis Beauty centres, 2 Aqua Beauty centres, 3 Oasis Spa centres, 6 Oasis Medical Centres, 2 Oasis Homme centres and an

online Oasis Florist in Hong Kong, along with 1 Mini Nail by Angelababy outlet. In PRC, 3 self-managed Oasis Beauty centres were in operation, together with 1 franchised Oasis Beauty centre. Alongside its Oasis brands is the Group's self-owned Glycel brand with 15 outlets which includes a range of spas providing high-end beauty services within a resort-style ambience, along with outlets selling Swiss-made products. Separately from its beauty services, the Group also sells and distributes selected high-quality, world-renowned skincare brands in Hong Kong. They are Erno Laszlo, the first doctor's skincare brand from New York, as well as h₂O+, a marine-derived skincare brand from the United States, which has 8 and 14 outlets respectively. In Macau, the Group maintained its Oasis Beauty Store selling h₂O+ and Glycel brands products, and a new Glycel outlet in Venetian Macao-Resort-Hotel. For more information, please visit www.wateroasis.com.hk

For media enquiries, please contact:

Strategic Financial Relations Limited

Mandy Go / Evonne Xiao/ Eunice Leung

Tel: 2864 4812 / 2114 4981/ 2864 4883

Fax: 2804 2789 / 2527 1196

E-mail: mandy.go@sprg.com.hk / evonne.xiao@sprg.com.hk / eunice.leung@sprg.com.hk

Water Oasis Group Limited

PR & Corporate Communications Department

Man Ko

Tel: 3182 7772

Fax: 2807 0777

E-mail: manko@wateroasis.com.hk