Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Water Oasis Group

奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2009

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 ~H_2O+ 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.

AUDITED FINANCIAL RESULTS

The Board of Directors (the "Board") of Water Oasis Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 30th September 2009 (the "Consolidated Financial Statements") as follows:

Consolidated Income Statement

	Notes	For the year ended 30th September **2009** *HK$'000*	2008 *HK$'000*
Turnover	2	**920,955**	846,569
Purchases and changes in inventories of finished goods		**(234,810)**	(193,002)
Other income		**13,831**	3,439
Increase in fair value of investment properties		**4,000**	4,400
Staff costs		**(243,032)**	(223,969)
Depreciation of property, plant and equipment		**(25,196)**	(22,507)
Other expenses		**(334,588)**	(314,639)
Profit before taxation		**101,160**	100,291
Taxation	3	**(17,729)**	(22,123)
Profit for the year	4	**83,431**	78,168
Attributable to:			
Equity holders of the Company		**80,991**	71,237
Minority interests		**2,440**	6,931
		83,431	78,168
Dividends	5	**73,912**	79,107
Earnings per share			
Basic	6	**22.0 HK cents**	19.7 HK cents
Diluted	6	**21.9 HK cents**	19.5 HK cents

Consolidated Balance Sheet

	Notes	As at 30th September 2009 HK$'000	2008 HK$'000
Non-current assets			
Intangible assets		**1,044**	1,125
Investment properties		**37,700**	33,700
Property, plant and equipment		**40,795**	43,905
Prepaid lease payments		**75,362**	75,452
Rental deposits		**18,984**	17,175
Goodwill		**966**	966
Deferred tax assets		**5,291**	4,418
Financial assets at fair value through profit or loss		**–**	17,328
		180,142	194,069
Current assets			
Inventories		**99,767**	65,941
Prepaid lease payments		**90**	90
Financial assets at fair value through profit or loss		**–**	4,203
Trade receivables	7	**72,031**	73,312
Prepayments		**24,511**	26,654
Other deposits and receivables		**15,527**	16,078
Tax recoverable		**253**	–
Bank balances and cash		**145,794**	141,423
		357,973	327,701
Current liabilities			
Trade payables	8	**21,547**	11,898
Accruals and other payables		**91,770**	86,329
Receipts in advance		**166,831**	170,242
Secured mortgage loan – due within one year		**2,631**	2,529
Tax payable		**11,976**	17,744
		294,755	288,742
Net current assets		**63,218**	38,959
Total assets less current liabilities		**243,360**	233,028
Capital and reserves			
Share capital		**36,956**	36,608
Reserves		**146,704**	144,053
Equity attributable to equity holders of the Company		**183,660**	180,661
Minority interests		**12,930**	8,715
Total equity		**196,590**	189,376
Non-current liabilities			
Pension obligations		**339**	407
Secured mortgage loan – due after one year		**39,589**	42,265
Deferred tax liabilities		**6,842**	980
		46,770	43,652
		243,360	233,028

Notes:

1. Principal Accounting Policies

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below:

Basis of Preparation and Application of New and Revised Hong Kong Financial Reporting Standards

The Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Consolidated Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. They have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values.

In the current year, the Group has applied the following new amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective for the Group's accounting year beginning on 1st October 2008.

HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

The adoption of HK(IFRIC) – Int 13 has resulted in a change to the Group's accounting policy for its customer loyalty programme. The effect of HK(IFRIC) – Int 13 was immaterial. Accordingly, no prior year adjustment has been recognised.

The adoption of the other new HKFRSs had not resulted in any change in accounting policy of the Group. Accordingly, no prior year adjustment is required.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The potential effects are set out below.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective to the Group from 1st October 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and to present them as prepaid lease payments in the consolidated balance sheet. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the Consolidated Financial Statements of the Group.

2. Turnover and Segment Information

The Group is principally engaged in (i) the retail sales of skin-care products, and (ii) provision of services in beauty salon, spa and other businesses. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

(a) Primary Reporting Format – Business Segments

	Retail		Services		Elimination		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**647,774**	600,840	**273,181**	245,729	**–**	–	**920,955**	846,569
Inter-segment sales	**25,458**	22,680	**–**	–	**(25,458)**	(22,680)	**–**	–
Total	**673,232**	623,520	**273,181**	245,729	**(25,458)**	(22,680)	**920,955**	846,569
Segment results	**84,032**	110,280	**55,219**	50,862	**–**	–	**139,251**	161,142
Other income							**13,831**	3,439
Increase in fair value of investment properties							**4,000**	4,400
Unallocated corporate expenses							**(55,922)**	(68,690)
Profit before taxation							**101,160**	100,291
Taxation							**(17,729)**	(22,123)
Profit for the year							**83,431**	78,168

(b) *Secondary Reporting Format – Geographical Segments*

	Turnover	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong and Macau	**391,706**	365,942
Mainland China	**478,349**	428,814
Taiwan	**42,587**	43,168
Singapore	**8,313**	8,645
	920,955	846,569

In respect of geographical segment reporting, turnover are reported based on the countries/places in which the customers are located.

3. Taxation

	2009	2008
	HK$'000	*HK$'000*
Current taxation		
Hong Kong Profits Tax	**2,567**	6,531
Overseas taxation	**12,620**	16,677
Over provision in prior years	**(2,447)**	(1,512)
	12,740	21,696
Deferred taxation		
Current year	**4,989**	207
Effect of a change in tax rate	**–**	220
	4,989	427
	17,729	22,123

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year after setting off available tax losses brought forward from prior years.

The People's Republic of China (the "PRC") Enterprise Income Tax was calculated at the statutory income tax rate of 25% (2008: 33% from 1st October 2007 to 31st December 2007 and 25% from 1st January 2008 to 30th September 2008) on the assessable profits except those profits derived from the Waigaoqiao Free Trade Zone and Pudong New Area which were taxed at a preferential rate of 20% (2008: 18%). The preferential rate would gradually increase to 25% by the year 2012 pursuant to the relevant governmental notices. On 28th November 2008, a subsidiary of the Group in Waigaoqiao Free Trade Zone was further qualified as an "operating centre" and entitled to certain tax reductions.

Taxation on remaining overseas profits has been calculated at the rates of taxation prevailing in the countries/places in which the Group operates.

Starting from 1st January 2008, 10% withholding tax has been imposed on dividends payable to foreign shareholders out of profits generated by companies established in the PRC. Deferred taxation has been provided for in respect of the undistributed profits from the Group's PRC subsidiaries accordingly.

4. Profit for the Year

Profit for the year is stated at after crediting (charging) the following:

	2009	2008
	HK$'000	*HK$'000*
Amortisation of intangible assets	**(428)**	(465)
Amortisation of prepaid lease payments	**(90)**	(8)
Auditor's remuneration	**(1,307)**	(1,307)
Decrease in fair value of financial assets at fair value through profit or loss	**–**	(16,492)
Dividend income from listed investments	**–**	290
Interest expenses on secured mortgage loan	**(950)**	(91)
Interest income on bank deposits	**662**	1,495
(Loss) gain on disposal/write-off of property, plant and equipment	**(18)**	375
Loss on disposal of financial assets at fair value through profit or loss	**(3,610)**	(4,530)
Net exchange (loss) gain	**(1,777)**	813
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**(60,783)**	(55,239)
– contingent rent	**(4,819)**	(4,804)
Rental income from investment properties	**2,719**	1,293

5. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim dividend declared and paid of 8.0 HK cents (2008: 8.0 HK cents) per share	**29,565**	29,286
Special interim dividend declared and paid of 2.0 HK cents (2008: 2.0 HK cents) per share	**7,391**	7,322
	36,956	36,608
Final dividend proposed after balance sheet date of 10.0 HK cents (2008: 9.5 HK cents) per share	**36,956**	35,108
Special final dividend proposed after balance sheet date of nil (2008: 2.0 HK cents) per share	**–**	7,391
	36,956	42,499
	73,912	79,107

The 2009 final dividend of 10.0 HK cents per share, amounting to approximately HK$36,956,000 (2008: final dividend and special dividend of HK$35,108,000 and HK$7,391,000 respectively), has been proposed by the directors after the balance sheet date and is subject to approval by the shareholders in the general meeting. This proposed dividend has not been recognised as distribution during the year.

The aggregate amount of the dividends paid during the year ended 30th September 2009 were approximately HK$79,455,000 (2008: HK$72,791,000).

6. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company	**80,991**	71,237
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**368,880,384**	361,565,672
Effect of dilutive potential ordinary shares in respect of share options	**514,047**	4,475,760
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**369,394,431**	366,041,432

7. Trade Receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**72,809**	74,090
Less: allowance for bad and doubtful debts	**(778)**	(778)
Total trade receivables	**72,031**	73,312

The Group allows credit terms of 30 days to 90 days to its trade debtors. The following is an aging analysis of trade receivables, net of allowance for bad and doubtful debts, at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**59,898**	67,011
31 days to 60 days	**6,115**	5,423
61 days to 90 days	**1,099**	178
Over 90 days	**4,919**	700
	72,031	73,312

Trade receivables are mainly denominated in the functional currencies of respective group entities.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$4,919,000 (2008: HK$700,000) which were past due but not required impairment as at the reporting date. The Group does not hold any collateral over these balances.

8. Trade Payables

The following is an aging analysis of trade payables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**19,054**	10,349
31 days to 60 days	**2,493**	1,549
	21,547	11,898

The average credit period on purchases of goods ranges from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Other than those trade payables which are denominated in the functional currencies of respective group entities, certain trade payables are denominated in US Dollars and Japanese Yen, which are foreign currencies.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's results for the year under review were satisfactory, particularly given the unprecedented market volatility and tightened credit environment which created problems for other operators. Its business was steady across all areas of operations, and certain areas, such as its Hong Kong Oasis Beauty and Medical Beauty businesses, turned in very strong performance. On the retail side, new brands have invigorated the Group's profile over the past year, with the Yves Rocher brand well on its way to establishing itself on the Mainland, and the acquisition of the classic Erno Laszlo brand adding a further string to the Group's bow. At the end of the year 2009, the Group is excellently placed to sustain its gains in recent months and to continue its expansion strategy in 2010.

~H_2O+

Mainland China

~H_2O+ retail sales in the Mainland China market remain one of the key drivers for the Group's growth, and there has been a continued increase in the number of ~H_2O+ outlets in Mainland China over the past year. 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%. ~H_2O+ retail sales have benefited from a Chinese economy that has been relatively less affected by the global financial crisis when compared with other economies, and they were also boosted by diversification in the Group's product range. The Group's prime focus in this market is to keep expanding, always in a prudent manner and with a close eye on choosing optimum locations for new outlets.

Hong Kong and Macau

Like Mainland China, the ~H_2O+ markets of Hong Kong and Macau have each enjoyed a robust year. The Group opened 2 additional ~H_2O+ outlets in Hong Kong during the second half of the fiscal 2009 to meet additional demand and broaden its geographical coverage, bringing to 20 the number of outlets in operation at the end of December 2009. The Group's traditional strengths in controlling costs and overheads have proven themselves again in these markets.

Taiwan and Singapore

~H_2O+ retail sales have remained steady in these two Asian markets, and the Group continued to operate 15 outlets in Taiwan and 2 outlets in Singapore. The Group continues to place special attention on ensuring effective cost controls in these markets.

Neutrogena

As previously reported, the Group's contract with Johnson & Johnson, the owner of the Neutrogena brand, expired on 31st March 2009. Johnson & Johnson decided not to renew the contract, and paid the Group compensation for its loss of a potentially profitable product line. This compensation payment has been reflected in the consolidated income statement for the year under review.

Yves Rocher

Development of the Group's Yves Rocher brand is still in its early stage: 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. Existing Yves Rocher outlets have also been revamped, with design makeovers that made them more attractive to today's shoppers. In March 2009 the Group also began its Yves Rocher franchise business, which will help expand its market coverage in Mainland China.

Erno Laszlo

The Group is always looking for means of expanding the range of its brands and products, and during the year it successfully grasped a prime opportunity to add a highly reputable brand to its brand portfolio, the prestigious first dermatologist's skin-care brand used and recommended by celebrities and Hollywood movie stars, Erno Laszlo. In June 2009 the Group signed exclusive distributorship agreements for both Hong Kong and Mainland China (the brand not having been previously available in Mainland China). The Group's 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.

Spa and Beauty

Hong Kong

The year under review was a good one for the Group's beauty services operations, especially for its Oasis Beauty centres, which have attracted many new clients and achieved good growth in sales. This is an area where the Group's strong local reputation has served it well. 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 beauty treatment options it offers. In addition, the Group has regularly upgraded its treatment facilities and added new services, keeping its Oasis Beauty operations fresh and appealing to customers. The Group's strong financial position and 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.

The outstanding performance of Oasis Beauty has helped the Hong Kong beauty services operations maintain a significant contribution to the Group's turnover. At the end of December 2009, the Group had 2 high-end Oasis Spa outlets and 16 Oasis Beauty/Aqua Beauty/Oasis Homme centres in operation.

Mainland China

The Group operates 2 beauty centres in Beijing, which have maintained a steady performance over the past year. Both are located in prime retail and commercial locations. The Group continues to seek further suitable locations in major cities, including Beijing, Shanghai and Guangzhou.

Medical Beauty

Hong Kong

The Group's first Oasis Medical Centre was launched in January 2008, and has proved very successful, quickly achieving a positive bottom line and attracting a wide range of enthusiastic clients. After just one year of operation, its early success prompted the Group to set up a second medical beauty centre, also in Causeway Bay, which was opened in late July 2009. Like the first centre, this new centre has moved quickly into profitability. With both centres performing strongly, the medical beauty arm is providing the Group with a welcome new income stream. 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.

Post Balance-Sheet Events

On 18th December 2009, Water Oasis Group Limited (the "Company") signed the Consultancy Agreement (the "Agreement") with Luminary Capital Limited (the "Advisor") and Mr. Leung Pak To, Francis ("Mr. Leung"), who is the sole owner, Chairman and Chief Executive Officer of the Advisor. Mr. Leung has nearly 30 years of experiences in investment banking, in particular, in the field of corporate finance. He is also the Chairman (Greater China) of CVC Asia Pacific. Pursuant to the Agreement, the Advisor is engaged for a period of 24 months to provide general consultancy and financial advisory services to the Group including but not limited to (i) matters involving corporate finance and mergers and acquisitions; (ii) identifying and reviewing suitable acquisition opportunities for the Group and negotiating for and on behalf of the Group in relation to any such acquisition opportunities; and (iii) matters relating to capital structure of the Company. The directors 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.

Prospects

With retail sales both in Mainland 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. Turnover will expect to continue to rise in line with our ongoing expansion.

On one hand, it is always the Group's strategy to continue to expand its distribution business by adding more brands and increasing the number of outlets of its existing brands. On the other hand, to complement its existing business strategy as a brand products distributor, the Group is also actively exploring brand ownership opportunities, through both self-development and acquisition.

Retail Activities

In Mainland China, the Group will continue to expand the number of its ~H_2O+ outlets. This will be accompanied by selectively pruning under-performing outlets. Thus, although the number of the Group's retail outlets will continue to grow, the rate of growth in number may be slightly lower compared with previous years. At the same time, to keep the ~H_2O+ brand fresh and vibrant, the Group will be introducing attractive new shop designs, launching a new model as the 'face' of ~H_2O+, and revising its marketing strategy accordingly.

The new Erno Laszlo brand has great potential if well marketed, and the Group has been working quite aggressively to bring it firmly back to the Hong Kong market. In fact, the opening of a second store in late January 2010 has been confirmed. 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. As a high-end brand, with average prices consistent with an upscale market, special attention will be paid in the selection of outlets in Mainland China to ensure a successful launch in high-end department stores favoured by Mainland's high spenders. Management is confident in this brand as it sits very well with similar brands that have proven popular amongst Mainland's free-spending consumer elites.

Meanwhile, the Group is also finalising the launch of its first self-owned, managed and operated brand business "Jimmy" in March 2010 to serve the other end of the spectrum. The Group's new "Jimmy" brand range of cosmetics is aimed at the Mainland's mass and fast consumer goods market, and will be pitched at a lower price to encourage high volume sales. To maximise exposure of "Jimmy", 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.

Beauty Services

The Group remains on track with its plans to open a further Spa and Oasis Beauty centre in Hong Kong. Following the exceptional performance of its beauty's services centres, 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 mergers and acquisitions and/or self-development.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity and financial resources position remains very strong. Its cash and bank deposits as at 30th September 2009 amounted to approximately HK$145.8 million (2008: HK$141.4 million). The Group generally finances its operation with internally generated resources.

The gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK$196.6 million (2008: HK$189.4 million), is approximately 21% (2008: 24%).

The Group continues to follow the practice of prudent cash management. The Group has little exposure to foreign currency fluctuations as most of its assets, receipts and payments are principally denominated in the functional currency of the relevant territory, US Dollars and Japanese Yen. The Group will continue to monitor its foreign exchange position and if necessary will hedge its foreign exchange exposure by entering forward foreign exchange contracts.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has proposed a final dividend of 10.0 HK cents per share for the year ended 30th September 2009 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 16th March 2010. The Register of Members will be closed from 12th March 2010 to 16th March 2010, both days inclusive, during which period no transfer of shares will be registered. To qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Standard Limited whose share registration public offices are located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 11th March 2010. The relevant dividend warrants will be dispatched to shareholders on 30th March 2010.

PROPOSED BONUS ISSUE OF SHARES

The Board proposes to make a bonus issue of shares (the "Bonus Share Issue") on the basis of one new ordinary share ("Bonus Share") of HK$0.10, credited as fully paid, for every one existing share held by the shareholders of the Company whose names are on the register of members of the Company at the close of business on 16th March 2010 (the "Record Date"), other than those members whose addresses as shown on the Register of Members of the Company at the close of business on the Record Date are in places outside Hong Kong and in respect of whom the directors of the Company consider the exclusion from the Bonus Share Issue to be necessary or expedient in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Bonus Shares will rank pari passu in all respects with the existing ordinary shares of the Company from their date of issue except that they will not rank for any dividend declared or recommended by the Company in respect of the financial year ended 30th September 2009. Fractional entitlements to Bonus Shares will not be allotted to the shareholders of the Company and will be aggregated and sold for the benefit of the Company.

The Bonus Share Issue is conditional upon:

(i) the passing of an ordinary resolution by the shareholders of the Company at the forthcoming annual general meeting (the "AGM") for approving the Bonus Share Issue; and

(ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Bonus Shares.

The necessary resolution will be proposed at the forthcoming AGM. A circular containing, among other things, further details of the Bonus Share Issue will be dispatched to the shareholders of the Company as soon as practicable.

ADJUSTMENT TO THE NUMBER OF OPTION SHARES AND THE OPTION PRICE

Pursuant to the Agreement, the Company has conditionally granted to the Advisor the right (the "Option") to require the Company to issue up to 36,955,600 shares (the "Option Shares") at the price of HK$2.26 (the "Option Price") per Option Share during a period of 36 months commenced on the date of the Agreement and ending on 17th December 2012 (the "Option Period") to the Advisor or at the Advisor's direction, Mr. Leung or his nominee(s) (the "Nominee(s)"). Please refer to the announcement of the Company dated 20th December 2009 (the "Announcement") for details of the Agreement and the Option. The grant of the Option has become unconditional upon the Stock Exchange granting the listing of, and permission to deal in, the Option Shares.

The Agreement provides, among other things, that if there is an alteration in the capital structure of the Company during the Option Period by way of bonus issue, corresponding adjustments shall be made to (a) the number or nominal amount of the Option Shares then remaining subject to the Option so far as unexercised and/or (b) the Option Price, so as to give the Advisor or the Nominee(s) the same proportion of the equity capital of the Company as that to which the Advisor or the Nominee(s) was previously entitled.

Following the Bonus Share Issue, the number of the Option Shares and the Option Price will be adjusted to 73,911,200 shares and HK$1.13 per Option Share respectively with effect from the first day of dealings in the Bonus Shares so as to give the Advisor or the Nominee(s) the same proportion of the equity capital of the Company as enlarged by the Bonus Share Issue.

HUMAN RESOURCES

As at 30th September 2009, the Group employed 1,579 staff (at 30th September 2008: 1,680 staff). The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options will also be granted to eligible staff based on individual and Group performance. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. There is no outstanding share option as at 30th September 2009 as all remaining share options were fully exercised during the year.

The Group is committed to nuturing a learning culture in the organisation. Heavy emphasis is placed on training and development, as the Group's success is dependent on the effort of a skilled and motivated work force.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30th September 2009, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions (the "Code Provision") set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 30th September 2009.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same person. Presently, the Board does not have any director with the title "Chairman", whereas Ms. Yu Lai Si, the Chief Executive Officer of the Group, has been carrying out the duties of both the Chairman and Chief Executive Officer since the establishment of the Group and the Company. The Chief Executive Officer is responsible to ensure all directors have received adequate, complete and reliable information in a timely manner. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

Code Provision A.4.1

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the provisions of the Company's Articles of Association.

AUDIT COMMITTEE

The Company's Audit Committee comprises Dr. Wong Lung Tak, Patrick, J.P., Mr. Wong Chun Nam and Dr. Wong Chi Keung who are the independent non-executive directors of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited Consolidated Financial Statements of the Group for the year ended 30th September 2009 with management and discussed with the independent auditor on auditing, internal control and financial reporting matters in respect of the Consolidated Financial Statements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year.

The Company has also adopted a code of conduct governing securities transactions by employees who may possess or have access to price sensitive information.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Latest Listed Companies Information" and the designated website of the Company at www.wateroasis.com.hk respectively. The annual report of the Company for the year ended 30th September 2009 will be dispatched to the shareholders and published on the HKEX's and the Company's website in due course.

By Order of the Board
YU Lai Si
Executive Director and Chief Executive Officer

Hong Kong, 13th January 2010

As at the date of this announcement, the executive directors of the Company are Yu Lai Si, Tam Chie Sang, Yu Lai Chu, Eileen, Yu Kam Shui, Erastus and Lai Yin Ping. The independent non-executive directors of the Company are Wong Lung Tak, Patrick, J.P., Wong Chun Nam and Wong Chi Keung.