Water Oasis Group
奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1161)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31ST MARCH, 2011

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 ~H_2O+ 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.

The Board of Directors (the "Board") of Water Oasis Group Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 31st March, 2011.

The unaudited consolidated results have been reviewed by the Company's Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated interim financial information ("Interim Financial Information") is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting".

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31st March,	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	2	**515,502**	444,275
Purchases and changes in inventories of finished goods		**(117,718)**	(108,151)
Other income		**4,042**	1,700
Other gains or losses		**12,196**	15,173
Staff costs		**(151,253)**	(123,623)
Depreciation of property, plant and equipment		**(13,989)**	(13,941)
Finance costs		**(2,966)**	(444)
Other expenses		**(208,337)**	(182,614)
Profit before taxation		**37,477**	32,375
Taxation	3	**(20,613)**	(8,032)
Profit for the period	4	**16,864**	24,343
Profit for the period attributable to:			
Owners of the Company		**21,126**	24,199
Non-controlling interests		**(4,262)**	144
		16,864	24,343
Earnings per share			
Basic	5	**2.8 HK cents**	3.3 HK cents
Diluted	5	**2.7 HK cents**	3.2 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31st March,	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**16,864**	24,343
Other comprehensive income (expense):		
Exchange differences arising on translation and other comprehensive income (expense) for the period	**1,480**	(24)
Total comprehensive income for the period	**18,344**	24,319
Total comprehensive income attributable to:		
Owners of the Company	**22,606**	24,175
Non-controlling interests	**(4,262)**	144
	18,344	24,319

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 31st March, 2011** *HK$'000*	Audited As at 30th September, 2010 *HK$'000*
Non-current assets			
Intangible assets		**59,341**	59,553
Goodwill		**3,978**	3,978
Investment properties		**176,520**	163,220
Property, plant and equipment		**42,068**	44,033
Rental deposits		**27,474**	28,048
Deferred tax assets		**4,103**	11,126
		313,484	309,958
Current assets			
Inventories		**60,739**	71,472
Trade receivables	7	**89,334**	77,880
Prepayments		**39,431**	33,735
Other deposits and receivables		**22,911**	19,518
Tax recoverable		**105**	105
Bank balances and cash		**260,995**	217,536
		473,515	420,246
Current liabilities			
Trade payables	8	**11,396**	11,231
Accruals and other payables		**136,733**	121,106
Amount due to a non-controlling shareholder of subsidiaries		**6,989**	6,989
Receipts in advance		**262,141**	224,648
Secured mortgage loan		**38,249**	39,588
Tax payable		**15,797**	12,274
		471,305	415,836
Net current assets		**2,210**	4,410
Total assets less current liabilities		**315,694**	314,368
Capital and reserves			
Share capital		**76,395**	76,395
Reserves		**161,731**	160,881
Equity attributable to owners of the Company		**238,126**	237,276
Non-controlling interests		**7,843**	12,105
Total equity		**245,969**	249,381
Non-current liabilities			
Pension obligations		**274**	274
Convertible bond		**40,975**	39,409
Deferred tax liabilities		**28,476**	25,304
		69,725	64,987
		315,694	314,368

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30th September, 2010.

Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values.

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements of the Group for the year ended 30th September, 2010.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1st October, 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 (except for amendment to paragraph 80 of HKAS 39)
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of new and revised HKFRSs has had no material effect on how the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of such new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker, the Group's Executive Directors, for the purpose of allocating resources to segments and assessing their performance are as follows:

(i) Retail segment – the retail sales of skin-care products

(ii) Services segment – provision of services in beauty salons, spa, medical beauty centres and other businesses

The following is an analysis of the Group's turnover and results by operating segment for the period under review:

	Retail segment Six months ended 31st March,		**Services segment Six months ended 31st March,**		**Elimination Six months ended 31st March,**		**Total Six months ended 31st March,**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**330,116**	318,534	**185,386**	125,741	**–**	–	**515,502**	444,275
Inter-segment sales	**13,910**	13,463	**–**	–	**(13,910)**	(13,463)	**–**	–
Total	**344,026**	331,997	**185,386**	125,741	**(13,910)**	(13,463)	**515,502**	444,275
Segment results	**26,981**	31,599	**41,376**	20,296	**–**	–	**68,357**	51,895
Other income							**4,042**	1,700
Other gains or losses							**12,196**	15,173
Finance costs							**(2,966)**	(444)
Central administrative costs							**(44,152)**	(35,949)
Profit before taxation							**37,477**	32,375

Segment results represent the profit earned by each segment without allocation of income, gains or losses of the corporation function, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the Group's directors for the purposes of resource allocation and performance assessment.

3. TAXATION

	Six months ended 31st March, 2011 *HK$'000*	2010 *HK$'000*
Current taxation		
Hong Kong Profits Tax	**5,045**	1,204
Overseas taxation	**5,638**	4,165
Overprovision in prior years	**(176)**	(2)
	10,507	5,367
Deferred taxation	**10,106**	2,665
	20,613	8,032

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period 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% (2010: 25%) 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 24% (2010: 22%). 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 has been qualified as an "operating centre" and entitled to certain tax reductions.

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.

Taxation on profits generated outside Hong Kong/the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries/places in which the Group operates.

During the period, deferred taxation previously recognised as deferred tax assets was reversed as a result of the discontinuation of a business line of certain group entities where future profits in related to this discontinued business line will not be available for utilising such related deferred tax assets.

4. PROFIT FOR THE PERIOD

	Six months ended 31st March,	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period is stated at after charging:		
Amortisation of intangible assets	**212**	224
Amortisation of prepaid lease payments	**–**	30
Effective interest expenses on convertible bond	**2,550**	–
Equity-settled share-based payment expenses	**8,802**	5,096
Interest expenses on secured mortgage loan	**416**	444
Net exchange losses	**–**	165
and after crediting:		
Gain on fair value change of investment properties	**11,250**	15,343
Interest income on bank deposits	**530**	354
Rental income from investment properties	**648**	1,057
Net exchange gains	**954**	–

5. EARNINGS PER SHARE

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

	Six months ended 31st March,	
	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**21,126**	24,199
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**763,952,764**	739,112,000
Effect of dilutive potential ordinary shares in respect of share options	**7,202,210**	9,115,251
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**771,154,974**	748,227,251

Diluted earnings per share for the six months period ended 31st March, 2011 does not include the effect of the convertible bond because it would result in an increase in earnings per share.

6. DIVIDENDS

	Six months ended 31st March,	
	2011	2010
	HK$'000	*HK$'000*
Interim dividend proposed of 3.0 HK cents (2010: 3.0 HK cents) per share	**22,919**	22,919

During the six months period ended 31st March, 2011, a dividend of 4.0 HK cents (2010: 10.0 HK cents) totalled approximately HK$30,558,000 (2010: HK$36,956,000) was paid to shareholders as the final dividend for the year ended 30th September, 2010.

At the Board meeting held on 26th May, 2011, the directors declared an interim dividend of 3.0 HK cents (2010: 3.0 HK cents) per share. This proposed interim dividend is not reflected as dividend payable in the condensed consolidated financial statements as it was declared after the end of the reporting period.

7. TRADE RECEIVABLES

The Group allows credit terms of 30 days to 90 days to its trade debtors. The following is an aging analysis of trade receivables, presented based on the payment due date, net of allowance for bad and doubtful debts, as at the end of the reporting period:

	As at 31st March, 2011	As at 30th September, 2010
	HK$'000	*HK$'000*
0 to 30 days	**84,139**	67,375
31 days to 60 days	**3,900**	6,487
61 days to 90 days	**113**	1,774
Over 90 days	**1,182**	2,244
	89,334	77,880

8. TRADE PAYABLES

The following is an aging analysis of trade payables, presented based on the payment due date, as at the end of the reporting period:

	As at 31st March, 2011	As at 30th September, 2010
	HK$'000	*HK$'000*
0 to 30 days	**11,318**	11,076
31 days to 60 days	**78**	155
	11,396	11,231

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 31st March, 2011, the Group's turnover increased by 16.0% to approximately HK$515.5 million by comparison with the same period last year. 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 overall contribution from the Group's retail and service operations, in terms of total turnover and segment results, performed at a better level as in the same period last year. As last year, 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 results for the period, it still managed to have the profit before taxation higher than that of the same period last year. However, higher taxation meant that the Group's profit after taxation was lower when compared to that of the same period last year.

The Board has resolved to declare an interim dividend of 3.0 HK cents per share.

BUSINESS REVIEW

Rationalising the brand portfolio

Overall, the six months from 1st October, 2010 to 31st March, 2011 have been characterised by steady improvement in turnover and a generally good performance from the Group's spectrum of brands and services. In this period the Group achieved an increase in turnover of 16.0% over the same period last 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. These figures speak of ongoing expansion on the part of the Group, and of the high value in its range of products and services.

This success springs partly from the Group's new role as brand owner and distributor, rather than simply brand distributor, which has changed the ways in which it operates and generates profit. Now, besides its classic ~H_2O+ brand which underpinned results in its early years, 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 brand in Mainland China. At the same time, it continues 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.

This diversification has enabled the Group to deal swiftly with one under-performing brand. As it became clear that Yves Rocher was not delivering on its brand-building efforts, the Group made the decision to terminate all its Yves Rocher operations at the end of March 2011. Management believes that this move to be a prudent and timely response. By divesting itself of the Yves Rocher brand, the Group has freed up valuable resources and cleared the decks for a much stronger second-half performance.

Brand ownership and distribution

The Group has seen ongoing growth in turnover from sales of ~H_2O+ products in the period under review. It has also managed to reduce its advertising costs for ~H_2O+ marketing, leading to improved results for this segment of its operations. Sales have been very stable, and the scale of our Group's ~H_2O+ operations has meant that this brand will remain the primary business driver for the coming year. To capture stronger Hong Kong demand, the Group had opened a new ~H_2O+ retail outlet in Times Square in April 2011.

The Group's Glycel brand has been performing exceptionally well in the period under review, achieving profitability despite the relatively short period it has been 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.

Gradually building momentum is the Erno Laszlo brand, following its revival and repositioning by the Group for today's consumers. Last year the Group's efforts were still at the foundation stage, and the brand generated a loss as expected. In the first six months of 2010/11, however, Erno Laszlo has arranged to achieve 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. Plans to launch Erno Laszlo operations in Mainland China are also afoot; currently the Group is looking at a provisional timing of the first quarter of next year.

The Group's own JM Makeup brand, targeted at mass-market teenagers and being marketed as an affordable but super trendy brand, 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, where currently JM Makeup is sold through a total of 16 outlets as at 31st of March 2011.

As at the end of March 2011, the Group's retail outlets for all its brands excluding Yves Rocher numbered 321, an increase of 45 outlets compared with the number at the same point last year. Its ~H_2O+ outlets in China numbered 265 as at the end of March 2011.

Spa & Beauty services

As at the end of March 2011, 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 during the period under review, and maintained a loyal customer base. The standout performer on the services side of the business has been the Oasis Medical Centres, for which demand has been very strong. These centres have clearly found an underexploited niche in Hong Kong for high-end, specialised beauty treatment, as can be seen from the success of the latest such centre to open in Harbour City last year. Such is the popularity of the Group's three Oasis Medical Centres that it is now looking at the possibility of opening a fourth centre later in the year.

Costs and expenses

Rising property prices have not significantly impacted on the Group in the past six months, and the rental costs to revenue ratio remains within the normal range. Other cost increases have arisen partly due to its increase in turnover in the period, and the fact that as the Group expands, the turnover of its operations is expanding too. Mainland China costs in particular have risen, especially salary costs, however, these rises are in line with the market and are affecting all retailers alike.

Outlook

With resources previously absorbed by Yves Rocher now freed up, 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 its underlying strength and its potential for further growth. Besides looking for new marketing and distribution arrangements that can expand the impact of its existing brands further, the Group will, as always, remain alert for new mergers and acquisitions opportunities as they arise.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an interim dividend of 3.0 HK cents per share for the six months ended 31st March, 2011 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 21st June, 2011. The Register of Members will be closed from 17th June, 2011 to 21st June, 2011, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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 16th June, 2011. The relevant dividend warrants will be dispatched to shareholders on 28th June, 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2011, the Group had net current assets of approximately HK$2.2 million (as at 30th September, 2010: HK$4.4 million).

The Group generally finances its operations with internally generated resources. As at 31st March, 2011, the Group had cash reserves of approximately HK$261.0 million (as at 30th September, 2010: HK$217.5 million).

The gearing ratio, expressed as a percentage of the secured mortgage loan and convertible bond over total equity of approximately HK$246.0 million (as at 30th September, 2010: HK$249.4 million) is approximately 32.2% (as at 30th September, 2010: 31.7%).

The Group continues to follow the practice of prudent cash management. The Group has little exposure on foreign currency fluctuations as most of its assets, receipts and payments are principally denominated in the functional currency of the relevant territory, United States 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.

HUMAN RESOURCES

As at 31st March, 2011, the Group employed 1,499 staff (as at 30th September, 2010: 1,638 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's and Group's performances. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs.

The Group is committed to nurturing 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.

AUDIT COMMITTEE

The Company's Audit Committee comprises Dr. Wong Lung Tak, Patrick, B.B.S., J.P., Mr. Wong Chun Nam, Duffy, J.P. 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 unaudited consolidated results of the Group for the six months ended 31st March, 2011 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the Interim Financial Information.

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

During the period under review, 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 Provisions") set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of Listing Rules during the period.

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 Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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. Following a specific enquiry by the Company, each of the directors confirmed that he/she complied with the Model Code for transactions in the Company's securities throughout the review period.

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 interim report of the Company for the period ended 31st March, 2011 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, 26th May, 2011

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, B.B.S., J.P., Wong Chun Nam, Duffy, J.P. and Wong Chi Keung.