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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, 2016

FINANCIAL HIGHLIGHTS

- For the period under review, Group's turnover decreased by 11.1% to approximately HK$315.5 million as compared with that of last year, primarily due to the generally weak economic situation in Hong Kong, affecting the purchasing sentiment and habits of consumers across the board.
- Gross profit margin remained similar at approximately 90.4%, as against 90.6% for the same period last year.
- Due to high gross profit margin of our business, almost 90% of the decrease in sales amount in this period goes straight affecting the bottom line. Although measures had been taken to respond to the decrease in sales including the reduction of advertising, depreciation and rental by 12.2%, 11.8% and 5.4% respectively as reflected in this period's results, staff costs did not reflect immediately in line with such due mainly to the usual fixed nature part of the salary of our business. These resulted in profit for the period decreased by 72.0% to approximately HK$9.4 million.
- The Group's sales mix remained unchanged at approximately 73.3% in beauty services and 26.7% in retail sales when compared with that of last year.
- While cash receipts decreased by 6.7% when compared with that of the same period last year, the Group retained a strong cash position of approximately HK$276.2 million as at 31st March, 2016, representing an increase of HK$25.3 million over same period last year.
- Recommended the payment of an interim dividend of 1.0 HK cent per share.

OPERATION HIGHLIGHTS

Beauty Services Business

- The Group's Hong Kong beauty services segment faced a generally difficult economic environment in Hong Kong, which led to reins on consumer spending and slower uptake and consumption patterns of its beauty services packages.

- As at 31st March, 2016, the Group operated 8 Glycel Skinspas, 14 Oasis Beauty centres, 2 Aqua Beauty centres, 3 Oasis Spa centres, 6 Oasis Medical Centre, and 3 Oasis Homme centres in Hong Kong as well as 3 self-managed Oasis Beauty centres in PRC.

Retail Business

- The Group's retail business includes three self-owned brands – Glycel, Eurobeauté, and DermaSynergy and two licensed brands, h_2o+ and Erno Laszlo.
- Sales of the Group's Glycel brand products dipped in the period, in line with the general pressure on higher-end retail products in Hong Kong. DermaSynergy and Eurobeauté have each been stand-out performers in the period under review earning high margin. By comparing sales between two periods, DermaSynergy had increased by fourfold since its start in February 2015, and Eurobeauté had also achieved a double digit sales growth in sales when compared with that of same period last year.
- Sales of products under the Erno Laszlo and h_2o+ brands dropped in the period, partly reflecting the reduction in the number of outlets in Hong Kong of these two brands.
- As at 31st March, 2016, there were 7 Glycel, 5 Erno Laszlo and 9 h_2o+ outlets operating in Hong Kong as well as 1 further Glycel outlet in Macau. A new h_2o+ outlet was opened in March this year in Windsor House, while 3 Erno Laszlo and 6 h_2o+ outlets were closed during the period mostly due to underperformance and cost efficiency reasons.

Outlook

- New initiatives in data analytics and digital operations including digital marketing, online booking and cross-border e-commerce are opening up alternative ways forward in terms of building stronger customer bases and reaching out to new customers, resulting in improving efficiency, revenue and profitability.
- In order to optimise the cost structure effectiveness, the Group will devote greater efforts to cost control. While yielding positive results in leasing, capital expenditures and marketing expenses, the Group is now considering possible options of structural adjustment of labour costs.

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, 2016.

The unaudited consolidated results have been reviewed by the Company's Audit Committee and the Company's independent 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 independent auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Unaudited Six months ended 31st March, 2016	 2015
	Notes	***HK$'000***	*HK$'000*
Turnover	2	**315,458**	354,673
Purchases and changes in inventories of finished goods		**(30,270)**	(33,455)
Other income		**3,404**	3,112
Other gains or losses		**(1,100)**	518
Staff costs		**(149,606)**	(150,286)
Depreciation of property and equipment		**(10,790)**	(12,232)
Finance costs		**(267)**	(297)
Other expenses		**(113,132)**	(120,472)
Profit before taxation		**13,697**	41,561
Taxation	3	**(4,284)**	(7,987)
Profit for the period	4	**9,413**	33,574
Profit for the period attributable to:			
Owners of the Company		**9,407**	31,604
Non-controlling interests		**6**	1,970
		9,413	33,574
Earnings per share			
Basic and diluted	5	**1.2 HK cents**	4.1 HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 31st March, 2016 HK$'000	2015 HK$'000
Profit for the period	**9,413**	33,574
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(2)**	(83)
Reclassification adjustment of exchange reserve upon strike off of a subsidiary	**(233)**	–
Total comprehensive income for the period	**9,178**	33,491
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**9,186**	31,532
Non-controlling interests	**(8)**	1,959
	9,178	33,491

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 31st March, 2016** *HK$'000*	Audited As at 30th September, 2015 *HK$'000*
Non-current assets			
Intangible assets		**59,023**	59,130
Goodwill		**3,012**	3,012
Investment properties		**229,696**	230,874
Property and equipment		**33,103**	38,074
Rental deposits		**32,017**	33,639
Deferred tax assets		**3,796**	3,798
		360,647	368,527
Current assets			
Inventories		**26,904**	33,096
Trade receivables	7	**35,097**	27,185
Prepayments		**59,166**	53,491
Tax recoverable		**851**	–
Other deposits and receivables		**10,074**	8,492
Bank balances and cash		**276,195**	260,030
		408,287	382,294
Current liabilities			
Trade payables	8	**4,466**	2,167
Accruals and other payables		**66,157**	78,782
Receipts in advance		**381,808**	327,883
Secured mortgage loan – due within one year		**3,026**	2,993
Tax payable		**6,057**	20,168
		461,514	431,993
Net current liabilities		**(53,227)**	(49,699)
Total assets less current liabilities		**307,420**	318,828
Capital and reserves			
Share capital		**76,395**	76,395
Reserves		**191,275**	201,188
Equity attributable to owners of the Company		**267,670**	277,583
Non-controlling interests		**7,202**	7,210
Total equity		**274,872**	284,793
Non-current liabilities			
Secured mortgage loan – due after one year		**21,035**	22,558
Deferred tax liabilities		**11,513**	11,477
		32,548	34,035
		307,420	318,828

Notes:

1. **BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICES**

Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the HKICPA as well as 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").

The condensed consolidated financial statements have been prepared on a going concern basis as at 31st March, 2016, as the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the ability to generate funds internally.

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30th September, 2015.

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 31st March, 2016 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 30th September, 2015.

2. TURNOVER AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, in respect of the Group's business is focused on operation mode. The Group's operating segments based on the said information for the purposes of resources allocation and performance assessment, under HKFRS 8 are therefore as follows:

(i) Retail segment – the retail sales of skincare products

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

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

	Retail segment		Services segment		Elimination		Consolidation	
	Six months ended 31st March,		Six months ended 31st March,		Six months ended 31st March,		Six months ended 31st March,	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**84,131**	94,616	**231,327**	260,057	**–**	–	**315,458**	354,673
Inter-segment sales	**15,923**	26,131	**–**	–	**(15,923)**	(26,131)	**–**	–
Total	**100,054**	120,747	**231,327**	260,057	**(15,923)**	(26,131)	**315,458**	354,673
Segment results	**14,970**	19,611	**34,816**	54,362	**–**	–	**49,786**	73,973
Other income							**3,404**	3,112
Other gains or losses							**(1,100)**	518
Finance costs							**(267)**	(297)
Central administrative costs							**(38,126)**	(35,745)
Profit before taxation							**13,697**	41,561

Segment results represent the profit earned by each segment without allocation of other income, other gains or losses, finance costs and central administrative costs (including directors' emoluments). This is the measure reported to the Company's executive directors for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates at terms determined.

3. TAXATION

	Six months ended 31st March,	
	2016	2015
	HK$'000	*HK$'000*
Current taxation		
Current period	**4,246**	8,180
Deferred taxation	**38**	(193)
	4,284	7,987

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits 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% (2015: 25%) on the assessable profits.

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 Company's PRC subsidiaries accordingly.

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

4. PROFIT FOR THE PERIOD

	Six months ended 31st March,	
	2016	2015
	HK$'000	*HK$'000*
Profit for the period is stated at after charging:		
Amortisation of intangible assets	**107**	129
Interest expenses on secured mortgage loan	**267**	297
Write-off of property and equipment	**336**	350
Loss on fair value change of investment properties	**1,178**	–
Allowance for doubtful debts	**–**	274
and after crediting:		
Net exchange gain	**22**	15
Gain on disposal of property and equipment	**159**	303
Interest income on bank deposits	**606**	745
Rental income from investment properties	**2,648**	2,277
Gain on fair value change of investment properties	**–**	549

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,	
	2016	2015
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**9,407**	31,604

	Number of shares	
	2016	2015
Number of ordinary shares for the purposes of basic and diluted earnings per share	**763,952,764**	763,952,764

Diluted earnings per share for the six months ended 31st March, 2016 and 2015 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods.

6. DIVIDENDS

	Six months ended 31st March,	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend proposed of 1.0 HK cent (2015: 4.0 HK cents) per share	**7,640**	30,558

During the six months ended 31st March, 2016, a final dividend of 2.5 HK cents (2015: 5.0 HK cents) per share totalled approximately HK$19,099,000 was paid to shareholders of the Company in respect of the year ended 30th September, 2015 (2015: HK$38,197,000 was paid to shareholders of the Company in respect of the year ended 30th September, 2014).

At the Board meeting held on 27th May, 2016, the directors declared an interim dividend of 1.0 HK cent (2015: 4.0 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 generally allows its trade debtors' credit terms of 30 days to 90 days. The following is an aging analysis of trade receivables, presented based on the payment due date, net of allowance for bad and doubtful debts, at the end of the reporting period:

	As at 31st March, 2016 *HK$'000*	As at 30th September, 2015 *HK$'000*
0 to 30 days	**35,090**	27,151
31 days to 60 days	**1**	12
61 days to 90 days	**4**	–
Over 90 days	**2**	22
	35,097	27,185

Movement in the allowance for trade receivables:

	As at 31st March, 2016 *HK$'000*	As at 30th September, 2015 *HK$'000*
Balance at beginning of the period/year	**589**	1,093
Impairment loss recognised	**–**	274
Write-off of trade receivables	**–**	(778)
Balance at end of the period/year	**589**	589

8. TRADE PAYABLES

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

	As at 31st March, 2016 *HK$'000*	As at 30th September, 2015 *HK$'000*
0 to 30 days	**4,466**	2,167

9. EVENT AFTER THE REPORTING PERIOD

There was no significant event after the reporting period.

RESULTS AND DIVIDEND

For the six months ended 31st March, 2016, the Group's turnover fell by 11.1% by comparison with the same period last year, to approximately HK$315.5 million (six months ended 31st March, 2015: HK$354.7 million). This was primarily due to the generally weak economic situation in Hong Kong, which affected the purchasing sentiment and habits of consumers across the board. Despite this challenging market environment, the Group's gross profit margin remained similar at around 90.4%, as against 90.6% for the same period last year. Profit for the period fell by 72.0% compared with the same period last year, to HK$9.4 million (six months ended 31st March, 2015: HK$33.6 million) as a consequence of the reduced turnover while staff costs had decreased modestly during the period.

Whilst cash receipts have also decreased by 6.7% compared with the same period last year, the Group retained a strong cash position of approximately HK$276.2 million as at 31st March, 2016, which represents an increase of HK$25.3 million over its cash in hand 12 months earlier.

The Board has resolved to declare an interim dividend of 1.0 HK cent per share for the six months ended 31st March, 2016 (six months ended 31st March, 2015: 4.0 HK cents per share).

MANAGEMENT DISCUSSION AND ANALYSIS

For the six-month period from 1st October, 2015 to 31st March, 2016, the Group was operating within a challenging economic environment characterised by reduced retail and discretionary spending among local consumers, slower consumption patterns among users of beauty services, and a marked fall-off in Chinese tourists. Due to high gross profit margin of our business, almost 90% of the decrease in sales amount in this period goes straight affecting the bottom line. Although measures had been taken to respond to the decrease in sales including the reduction of advertising, depreciation and rental by 12.2%, 11.8% and 5.4% respectively as reflected in this period's results, staff costs did not reflect immediately in line with such due mainly to the usual fixed nature part of the salary of our business. These resulted in a decrease in profit for the period by 72.0%.

As at 31st March, 2016, the sales mix of the Group's beauty services and retail sales stood at 73.3% to 26.7%, exactly the same ratio as one year earlier.

BEAUTY SERVICES BUSINESS

The Group's beauty services segment includes a range of services under the 'Oasis' brand, including Oasis Beauty, Oasis Spa, Oasis Homme, Oasis Medical Centre, and Oasis Health. Its 'Skinspa' services under the Glycel brand make up another part of this portfolio. In the period under review, the Group's beauty services segment faced a generally difficult economic environment in Hong Kong, which led to reins on consumer spending and slower uptake and consumption patterns of its beauty services packages. As a result, turnover by comparison with the previous period fell by approximately 11.0%. The downturn was experienced right across the Group's service brands.

As at 31st March, 2016, the Group operated 14 Oasis Beauty centres, 2 Aqua Beauty centres, 3 Oasis Spa centres, 6 Oasis Medical Centre, and 3 Oasis Homme centres. These numbers are the same as a year earlier, apart from Oasis Homme, which has added an additional branch in the Harbour City Tsim Sha Tsui, alongside the existing Oasis Beauty outlet there. The Group has returned its Mini Nail by Angelababy to the brand-owner, but continues to offer professional nail services in its Oasis Spa outlets. In the PRC, 3 self-managed Oasis Beauty centres continued to operate. A separate Oasis Beauty franchisee, in Zhejiang, relinquished its franchise during the period.

RETAIL BUSINESS

The Group's retail business involves the sales of products under three self-owned brands – Glycel, Eurobeauté, and DermaSynergy – and two licensed brands, h_2o+ and Erno Laszlo.

Self-owned brands

The Group's two high margin brands DermaSynergy and Eurobeauté have each been stand-out performers in the period under review. DermaSynergy, a professional medical beauty product that is being marketed under the Oasis Medical Centre since February 2015, experienced more than fourfold sales growth, when comparing the sales performed during these two periods, and is proving to be an exceptional addition to the Group's product portfolio. Meanwhile, the Eurobeauté momentum is testimony to the Group's ability to identify and develop brands and products.

Sales of the Group's Glycel brand products dipped in the period, in line with the general pressure on higher-end retail products in Hong Kong. Three Glycel stores were closed in the period, but a further store was opened in Percival Street plus two outlets were opened in ISA, a luxury brand retailer. As at 31st March, 2016, there remained 15 Glycel outlets in Hong Kong, and a further outlet in the Venetian Macao-Resort-Hotel in Macau.

Licensed brands

Sales of products under the Erno Laszlo brand dropped in the period against the previous year, partly reflecting the reduction in the number of Erno Laszlo outlets in Hong Kong from 8 at the end of March 2015 to 5 at the end of the period under review. Three stores in high-rent locations (Times Square, Pacific Place and The Landmark) were closed in the interim for cost efficiency reasons. The Group is currently preparing to participate in a global upgrade campaign, due to be launched later in 2016, to refresh and raise the profile and relevance of the brand.

The decrease in h_2o+ sales year-on-year reflected lower consumer demand and the brand's lower exposure, as the Group closed 6 h_2o+ stores over the period as their leases expired. To retain a strong presence in the key shopping hub in Hong Kong, it opened a new Causeway Bay h_2o+ outlet in Windsor House. The move was undertaken in such a way as to keep start-up costs to a minimum. This brought the number of h_2o+ stores in Hong Kong to 9, as against 14 the previous year. Plans are afoot for a global campaign to refresh the h_2o+ brand, discussed further in the "Outlook" section below.

OUTLOOK

The outlook for Hong Kong's economy remains weak, and this is expected to continue to affect local sentiment in terms of spending on beauty products and services. Higher-value items are particularly susceptible, and the Group expects to see pressure continue on sales at the VIP end of its spectrum. In the light of this, the Group is planning and executing carefully for the next phase in the strategic transformation of its business and operation model. This has involved a shift towards a service-led business which has seen good results in recent years, despite the less than favourable business climate. The Group is striving to enhance its operational efficiency and cost-effectiveness.

The Group is now investing in a process of transforming its business model into one which is much more data-driven than in the past. This will enable it to expand its customer range to create a wider base that is less affected by economic ups and downs and less reliant on a relatively smaller segment of high-spending customers. To do this, an essential first step is to obtain high quality data about customers and their spending patterns. The Group has created its own in-house data analytics team of professionals, and is leveraging their expertise to help it set operational targets and sales planning across all levels of its organisation. The data now becoming available is proving very valuable in achieving new customer conversions and finding new leads, and already the "conversion rate" according to which new trial customers become regular buyers is considerably higher than it was previously. In the light of the data becoming available, the Group is also developing new entry level treatment packages and plans to penetrate different customer segments to cater for customers across a wider demographic range.

This is a gradual process, and the Group will gradually improve in due course result in significantly improved customer numbers, customer range, and customer "stickiness". The result will be a transformation that will see the Group embracing a more balanced and diverse group of beauty services customers than has traditionally been the case.

Another important innovation that is opening up new growth possibilities for the Group is its move into digital marketing. Its in-house online marketing team has been responsible for identifying many new ways of expanding the Group's reach. In recent months, for example, the Group has become much more active in social media channels than ever before. Its registration system for product trials has become more sophisticated and responsive, leading to a steep increase in the numbers of potential customers applying online to take part. In addition, the online booking process for beauty service treatments has been simplified and streamlined, encouraging more people to make bookings. Increasingly, too, the Group is leveraging popular beauty bloggers and other opinion leaders to mention and recommend its products and services, leading to widening exposure across social media networks.

The Group is also beginning to explore the possibilities of cross-border e-commerce through its collaboration with a major online shopping platform. This move is giving it access to a significant potential market of Mainland consumers. As always, it is also constantly looking out for creative possibilities for growth, both internally (through product and business development initiatives) and externally (through strategic collaboration or acquisition options).

The retail environment in Hong Kong is also under pressure and looks like it will remain so in the immediate future. The Group has responded proactively to this by consolidating and optimising its stores, but it is also looking towards a number of positive refreshment opportunities in the year ahead including the global initiatives from brand owners of h_2o+ and Erno Laszlo.

In order to optimise the cost structure effectiveness, the Group will devote greater efforts to cost control. While yielding positive results in leasing, capital expenditures and marketing expenses, the Group is now considering possible options of structural adjustment of labour costs.

In summary, the Group is working realistically within a difficult environment, remaining responsive to changes, and consistently pursuing a carefully planned strategy of transformation that will enable it to remain at the forefront of its industry. While the near future remains challenging, these efforts of strengthening the fundamentals will expect to yield results as the economy improves.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2016, the Group had net current liabilities of approximately HK$53.2 million (as at 30th September, 2015: HK$49.7 million).

The Group generally finances its operations with internally generated resources. As at 31st March, 2016, the Group had cash reserves of approximately HK$276.2 million (as at 30th September, 2015: HK$260.0 million).

As at 31st March, 2016, the gearing ratio, expressed as a percentage of the secured mortgage loan over total equity of approximately HK$274.9 million (as at 30th September, 2015: HK$284.8 million) was approximately 8.8% (as at 30th September, 2015: 9.0%). All borrowings are denominated in Hong Kong dollars. The bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi.

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

CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31st March, 2016.

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31st March, 2016.

HUMAN RESOURCES

As at 31st March, 2016, the Group employed 763 staff (as at 30th September, 2015: 784 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.

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.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of 1.0 HK cent per share for the six months ended 31st March, 2016 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 17th June, 2016. The Register of Members will be closed from Wednesday, 15th June, 2016 to Friday, 17th June, 2016, 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 Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, whose share registration public offices are located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14th June, 2016. The relevant dividend warrants will be dispatched to shareholders on Thursday, 30th June, 2016.

AUDIT COMMITTEE

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

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, 2016 with management and discussed with the independent auditor on reviewing internal control and financial reporting matters in respect of the condensed consolidated financial statements.

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

During the period under review, the Company did not redeem any of its listed shares nor did the Company or its subsidiaries purchase or sell any such shares.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period under review.

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, all directors confirmed that they 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 inside 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 (the "HKEx") at www.hkexnews.hk and the designated website of the Company at www.wateroasis.com.hk respectively. The interim report of the Company for the six months ended 31st March, 2016 will be dispatched to the shareholders and published on the HKEx's and the Company's websites in due course.

By Order of the Board
WATER OASIS GROUP LIMITED
Yu Kam Shui, Erastus
Executive Director

Hong Kong, 27th May, 2016

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