Water Oasis Group

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WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2008

HIGHLIGHTS

– Group's turnover increased by 43% to approximately HK$847 million. Both retail and services businesses achieved a double-digit percentage increase in sales amount

– Profit attributable to equity holders achieved illustrious results of 75% growth than that of last year which amounted to approximately HK$71 million

– Profit for the year from retail businesses in Mainland China achieved a record high, more than two times of the combined profit achieved last year

– Water Oasis Group has formed Joint Ventures owning majority shareholding with Yves Rocher, the French number one botanical beauty brand, giving the Joint Ventures exclusive distribution rights throughout all of Mainland China. Operations have been commenced in September 2008

– Continuous expansion of retail outlets in Mainland China including ~H_2O+, Neutrogena and Yves Rocher to a total of 368 outlets at the end of December 2008

– Collagen 8000 health drink launched in all the Group's market, achieved remarkable performance and became one of the Group's best sellers

– Water Oasis Group has signed a Joint Venture Shareholder Agreement with majority shareholding to own, operate and distribute a cosmetic brand in Mainland China

– Recommend a final dividend of 9.5 HK cents and a special dividend of 2.0 HK cents per share

AUDITED FINANCIAL RESULTS

The Board of Directors (the "Directors") 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 2008 (the "Consolidated Financial Statements") as follows:

Consolidated Income Statement

		For the year ended 30th September	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Turnover	2	**846,569**	593,358
Purchases and changes in inventories of finished goods		**(193,002)**	(131,485)
Other revenues	2	**3,439**	4,117
Staff costs		**(223,969)**	(178,040)
Depreciation of property, plant and equipment		**(22,507)**	(22,293)
Other expenses		**(310,239)**	(212,914)
Profit before taxation		**100,291**	52,743
Taxation	3	**(22,123)**	(10,176)
Profit for the year	4	**78,168**	42,567
Attributable to:			
Equity holders of the Company		**71,237**	40,723
Minority interests		**6,931**	1,844
		78,168	42,567
Dividends	5	**79,107**	53,825
Earnings per share			
Basic	6	**19.7 HK cents**	11.7 HK cents
Diluted	6	**19.5 HK cents**	11.5 HK cents

Consolidated Balance Sheet

	Note	As at 30th September 2008 HK$'000	2007 HK$'000
Non-current assets			
Intangible assets		**1,125**	1,063
Investment properties		**33,700**	29,300
Property, plant and equipment		**43,905**	26,104
Prepaid lease payments		**75,452**	–
Rental deposits and prepayments		**17,175**	14,838
Goodwill		**966**	–
Deferred tax assets		**4,418**	4,261
Financial assets at fair value through profit or loss		**17,328**	9,525
		194,069	85,091
Current assets			
Inventories		**65,941**	49,556
Prepaid lease payments		**90**	–
Financial assets at fair value through profit or loss		**4,203**	10,538
Trade receivables	7	**73,312**	58,049
Prepayments		**26,654**	20,962
Other deposits and receivables		**16,078**	13,859
Tax recoverable		**–**	52
Bank balances and cash		**141,423**	161,915
		327,701	314,931
Current liabilities			
Trade payables	8	**11,898**	3,027
Accruals and other payables		**86,329**	76,496
Receipts in advance		**170,242**	140,161
Secured mortgage loan – due within one year		**2,529**	–
Tax payable		**17,744**	9,674
		288,742	229,358
Net current assets		**38,959**	85,573
Total assets less current liabilities		**233,028**	170,664
Capital and reserves			
Share capital		**36,608**	35,674
Reserves		**144,053**	131,507
Equity attributable to equity holders of the Company		**180,661**	167,181
Minority interests		**8,715**	2,597
Total equity		**189,376**	169,778
Non-current liabilities			
Pension obligations		**407**	473
Secured mortgage loan – due after one year		**42,265**	–
Deferred tax liabilities		**980**	413
		233,028	170,664

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 Impact 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"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, except that financial assets at fair value through profit or loss and investment properties are stated at fair value.

The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those used in 2007.

The preparation of the Consolidated Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In the current year, the Group has applied, for the first time, a number of new standards, amendments, and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on or after 1st October 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKAS 39 & HKFRS 7 (Amendment)	Reclassification of Financial Assets
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Other than the above, the adoption of the new HKFRSs have had no material effect on how the results and financial position of the Group for the current or prior financial years have been prepared and presented. Accordingly, no prior year adjustment is required. Certain comparative figures have been reclassified to conform to current year's presentation.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's financial years beginning on or after 1st October 2008 or later periods. The Group has already commenced an assessment of their impact when they become effective and does not expect this will result in substantial changes to the Group's principal accounting policies.

2. Turnover, Other Revenues and Segment Information

The Group is principally engaged in (i) the retail sales of skin-care products, (ii) provision of services in beauty salon, spa and other businesses. Revenues recognised during the year are as follows:

(a) Primary Reporting Format – Business Segments

	Retail		Services		Elimination		Group	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**600,840**	415,794	**245,729**	177,564	**–**	–	**846,569**	593,358
Inter-segment sales	**22,680**	25,825	**–**	–	**(22,680)**	(25,825)	**–**	–
Total	**623,520**	441,619	**245,729**	177,564	**(22,680)**	(25,825)	**846,569**	593,358
Segment results	**110,280**	55,942	**50,862**	25,268	**–**	–	**161,142**	81,210
Other revenues							**3,439**	4,117
Unallocated corporate expenses							**(64,290)**	(32,584)
Profit before taxation							**100,291**	52,743
Taxation							**(22,123)**	(10,176)
Profit for the year							**78,168**	42,567

(b) Secondary Reporting Format – Geographical Segments

	Turnover	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong and Macau	**365,942**	297,783
Mainland China	**428,814**	244,313
Taiwan	**43,168**	42,897
Singapore	**8,645**	8,365
	846,569	593,358

3. Taxation

	2008	2007
	HK$'000	*HK$'000*
Current taxation		
Hong Kong Profits Tax	**6,531**	4,091
Overseas taxation	**16,677**	4,978
(Over)/under provision in prior years	**(1,512)**	48
Deferred taxation		
Current year	**207**	1,059
Effect of change in tax rate	**220**	–
	22,123	10,176

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year after setting off available tax losses brought forward from prior years.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

The People's Republic of China (the "PRC") Enterprise Income Tax was calculated at the statutory income tax rate of 33% of the assessable profit except that the assessable profit derived from the Waigaoqiao Free Trade Zone and Pudong New Area was taxed at a preferential rate of 15% pursuant to the relevant governmental notices.

On 16th March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax by Order No. 63 of the President of PRC (the "New Law"). On 6th December 2007, the state council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have unified the tax rate to 25% for its subsidiaries in the PRC, including those operating in Waigaoqiao Free Trade Zone and Pudong New Area, from 1st January 2008 onwards.

4. Profit for the Year

Profit for the year is stated after crediting and charging the following:

	2008	2007
	HK$'000	*HK$'000*
Crediting		
Gain on disposal of property, plant and equipment	**375**	1
Net exchange gain	**813**	1,709
Increase in fair value of investment properties	**4,400**	2,300
Charging		
Allowance for bad and doubtful debts	**–**	778
Amortisation of intangible assets	**465**	238
Amortisation of prepaid lease payments	**8**	–
Auditor's remuneration	**1,687**	1,491
Loss/(gain) on disposal of financial assets at fair value through profit or loss	**4,530**	(2,770)
Operating lease rentals in respect of land and buildings		
– minimum lease payments	**55,239**	47,454
– contingent rent	**4,804**	4,536
Interest expenses on secured mortgage loan	**91**	–
Decrease/(increase) in fair value of financial assets at fair value through profit or loss	**16,492**	(5,371)

5. Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim dividend declared and paid of 8.0 HK cents (2007: 4.0 HK cents) per share	**29,286**	14,114
Special interim dividend declared and paid of 2.0 HK cents (2007: 1.0 HK cent) per share	**7,322**	3,528
	36,608	17,642
Final dividend proposed after balance sheet date of 9.5 HK cents (2007: 8.0 HK cents) per share	**35,108**	28,947
Special final dividend proposed after balance sheet date of 2.0 HK cents (2007: 2.0 HK cents) per share	**7,391**	7,236
	42,499	36,183
	79,107	53,825

The 2008 final dividend of 9.5 HK cents per share and a special dividend of 2.0 HK cents per share, amounting to approximately HK$35,108,000 and HK$7,391,000 (2007: HK$28,947,000 and HK$7,236,000), respectively, have been proposed by the directors after the balance sheet date and are subject to approval by the shareholders in the general meeting.

The aggregate amount of the dividends paid during the year ended 30th September 2008 were approximately HK$72,791,000 (2007: HK$35,096,000).

6. **Earnings per Share**

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of approximately HK$71,237,000 (2007: HK$40,723,000) and the weighted average number of 361,565,672 (2007: 348,219,178) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30th September 2008 is based on profit attributable to equity holders of approximately HK$71,237,000 (2007: HK$40,723,000) and the weighted average number of 361,565,672 (2007: 348,219,178) ordinary shares in issue during the year plus the weighted average number of 4,475,760 (2007: 6,384,543) ordinary shares, deemed to be issued at no consideration based on the assumption that all outstanding share options granted had been exercised at the beginning of the year or at the date of grant of the options if later.

7. **Trade Receivables**

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**74,090**	58,827
Less: allowance for bad and doubtful debts	**(778)**	(778)
Total trade receivables	**73,312**	58,049

Credit terms generally range from 30 days to 90 days. The following is the aging analysis of trade receivables (net of allowance for bad and doubtful debts):

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**67,011**	49,760
31 days to 60 days	**5,423**	5,619
61 days to 90 days	**178**	1,117
Over 90 days	**700**	1,553
	73,312	58,049

Trade receivables are mainly denominated in Hong Kong Dollars, New Taiwan Dollars and Renminbi.

8. **Trade Payables**

Details of the aging analysis are as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**10,349**	3,027
31 to 60 days	**1,549**	–
	11,898	3,027

Trade payables are mainly denominated in US Dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

The fiscal year 2008 has proved another good one for the Group, with retail sales remaining strong and markets continuing to respond well to the Group's increasingly diverse range of products and services. Results were helped by continued expansion of ~H_2O+ and Neutrogena retail outlets in Mainland China. Not only did these additional store counters create higher turnover for the Group, but existing Mainland stores also performed very strongly, averaging double-digit percentage same-store growth over the year. The Group benefited from a first half of the financial year in which economic confidence and consumer activity was still strong, and on this foundation was able to achieve satisfactory results for the second half year too. The success of some of its new products, especially the health drink Collagen 8000, also boosted the Group's results significantly. Collagen 8000 has been launched in all the Group's major markets including Hong Kong, Mainland China, Taiwan and Singapore, and has been a proven success in each one. In particular, it has caught the attention of the Mainland Chinese public and quickly become one of the Group's best sellers. Sales of Collagen 8000 have also had the effect of broadening the demographic range of the Group's customers.

~H_2O+

Mainland China

The Group's Mainland China ~H_2O+ retail operations were the major contributors to the Group's turnover and profits in the year under review, and Mainland China will remain the Group's key growth driver for the foreseeable future. The Group continued its focus on expanding its business there through the opening of additional ~H_2O+ retail outlets over the year, so that at the end of December 2008 the total number of ~H_2O+ outlets on the Mainland stood at 192. This number represented an increase of 25 outlets over the number operating at the same time in 2007. The Group is currently looking carefully at suitable locations for further retail outlets.

Hong Kong and Macau

In Hong Kong the Group has also built up a momentum, in response to which it opened a further 3 ~H_2O+ stores during 2008. 2 of these were strategic moves to capture potential markets and further consolidate its presence in the New Territories. The third and most recent was a new store that opened in Hong Kong's prime shopping district, Causeway Bay, in December 2008. These additional stores helped improve the Group's coverage and turnover in Hong Kong.

Hong Kong is a long-established and mature market for the Group that requires a different management approach from the fast-expanding Mainland one. To keep returns from its Hong Kong operations stable and strong, the Group has worked to achieve improved sales in each individual store, and continued to exercise effective cost-control measures, for instance by keeping strict tabs on advertising, rental and staff costs. These measures helped the Group reduce the ratio of costs to revenue and boost its sales performance over the year.

Taiwan and Singapore

In Taiwan, the number of ~H_2O+ outlets remained at 14 over the fiscal year. 1 additional outlet has since been opened, in October 2008, bringing the current total to 15. Overall, performance in Taiwan for the year under review was better than for the previous year. Part of this can be attributed to the implementation of cost-control measures and improved efficiency.

Following a consolidation of the Group's Singapore operations in 2007, the 2 outlets there performed very well in 2008 and moved into profitability.

Neutrogena

At the end of December 2008, the Group had increased the number of its Neutrogena outlets across the country to 161. Sales remain strong for these products, and the income stream from Neutrogena has contributed a positive percentage to the Group's overall bottom line.

Yves Rocher

In July 2008 the Group signed shareholder agreements to form Joint Ventures with number one French botanical beauty brand Yves Rocher, formalising the Memorandum of Understanding reached earlier in the year. Yves Rocher is a global beauty care brand with a long and illustrious history, and currently there are more than 1,600 Yves Rocher outlets worldwide, giving the brand a presence on 5 continents and in 80 countries. Globally, it boasts more than 30 million customers. The Joint Ventures make the Group the majority shareholder in the arrangement, with a 75% shareholding, and gives it exclusive distribution rights for all Yves Rocher products throughout all of Mainland China. The Group began its Yves Rocher operations in September 2008, taking over control of 7 existing Yves Rocher stores in major Mainland cities. At the date of this review it had opened a further 10 new outlets in Mainland China, which have been rolled out with a new image and marketing concept for the brand that includes a stylish logo, new colour schemes, and a fresh, strong and trendy image. These new outlets have been very well-received by the public. The Group plans to extend this exciting new brand image to all its Yves Rocher branches as it opens new outlets or revamps existing ones.

The Joint Ventures represent excellent value for both parties. The Group's involvement will further boost market awareness of the brand in Mainland China, and the Group's experiences in beauty care and in the Mainland retail environment offer an excellent basis for future expansion. Mainland China will be the first region worldwide to launch the trendy new-look Yves Rocher brand logo and marketing concept, putting the Group at the vanguard of the brand's worldwide makeover. The Group plans to open further Yves Rocher outlets, which will include franchise arrangements, in the future once the brand develops momentum with Mainland consumers, and it expects to finalise the best locations for these new-look stores over the next year or two. Meanwhile, it will continue to monitor closely the positioning and performance of its existing 15 outlets.

Spa and Beauty

As at the end of December 2008, the Group operated 2 high-end Oasis Spa outlets in Hong Kong, and 18 Oasis Beauty/Aqua Beauty/Oasis Homme outlets. All of these maintained steady performances in the year under review, enjoying strong customer bases and a good reputation. Traditionally a major contributor to the Group's profits, the spa and beauty business continues to contribute a good proportion of the Group's overall turnover.

The spa and beauty business offers a wide range of beauty services, including some that are unique to the Group, supported by well-trained staff and at competitive prices. Because of this, demand has increased in some areas. To cater for this growth, during fiscal 2008 the Group expanded the floor space of 2 of its existing Oasis Beauty outlets and added new equipment and services. This has enabled it to offer customers more comprehensive services and to strengthen its service quality. As a result, Oasis Beauty recorded a very good performance in the year under review.

In Mainland China meanwhile, the Group is still establishing its foothold in the beauty industry. During the year under review, the Group opened the second Oasis Beauty centre in prime retail and commercial location in Beijing, both centres have already built up strong customer bases. The Group is now looking closely at suitable locations for further Oasis Beauty centres in major cities such as Beijing, Shanghai and Guangzhou, in the belief that the China market still has considerable potential for further growth.

Medical Beauty

The Group launched its first Oasis Medical Centre in mid-January 2008, with a remit of providing specialised medical beauty treatment and services. With the Oasis Medical Centre in operation, the Group has now become a truly comprehensive provider of health and beauty products and services. The Medical Centre is manned by a qualified doctor and other professional therapists, and provides advanced and effective procedures to improve the appearance, including laser, IPL, whitening, vein removal, and botox treatments. Though it has only been opened for less than a year, it has quickly gained acceptance and begun to generate a profitable bottom line for the Group.

Prospects

The gloomy economic outlook may affect the Group's retail business in Hong Kong and Taiwan in the coming year, and this is something the Group is prepared for. Mainland China, however, presents a somewhat different picture. Although the growth rate is not expected to be as rapid as last year, continued growth there is nevertheless expected. This is of great value to the Group, as increasingly the bulk of its profits are generated in the Mainland China market. Furthermore, as the Group continues its programme of store-opening in the Mainland, the extra outlets should further boost revenues from its Mainland business in 2009.

Mainland China will remain the Group's key growth driver for the coming year. Expansion plans for the Mainland are going ahead, but the Group is maintaining a high level of flexibility for achieving its goals so that it can react quickly to market changes. While the Group will adopt a prudent approach in keeping its eyes open for possible merger and acquisition targets over the coming year, it will remain ready to pursue opportunities at reasonable prices caused by the market downturn.

Retail activities in Mainland China

Expansion on our existing brands will continue in Mainland China, though at a slower rate than has previously been the case as the Group keeps a careful eye on economic growth on the Mainland.

During the year under review, the Group signed a shareholder agreement to form a Joint Venture cosmetics products company in collaboration with a renowned make-up artist. The company, which will be majority owned and operated by the Group, will target a young, mass-market customer base and offer products at very competitive prices. The Group expects operation will commence in the last quarter of the year 2009, and believes that the potential for cosmetics sales on the Mainland is high.

Beauty services in Mainland China

The Group's initial foray into the beauty services industry in Mainland China has proved to be very promising. Given this, expansion into other prime cities seems a sound move, and in the coming year the Group will be looking closely at possible new locations.

Others

Having noted the success of its Collagen 8000 health drink, the Group is planning to launch further food products in the year to come. In addition to a food supplement 'Be Collagen Plus', in tablet form which was launched in November 2008, a diet drink called 'Slim Magic' will be added to the Group's range in May 2009, widening the range of food products currently being sold under the ~H_2O+ brand name.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity and financial resources position remained very strong. Its cash and bank deposits as at 30th September 2008 amounted to approximately HK$141 million (2007: HK$162 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$189 million, is approximately 24% (2007: Nil).

The Group continues to follow the practice of prudent cash management. During the year, the Group's management adopts a balanced approach on financial risk management with some of the cash reserves placed in Structured Deposits in addition to fixed bank deposits.

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 and US Dollars. 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 directors have proposed a final dividend of 9.5 HK cents and a special dividend of 2.0 HK cents per share for the year ended 30th September 2008 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 6th March 2009. The Register of Members will be closed from 27th February 2009 to 6th March 2009, both days inclusive, during which period no transfer of shares will be registered. To qualify for the final and special dividends, 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 26th February 2009. The relevant dividend warrants will be dispatched to shareholders on 18th March 2009.

HUMAN RESOURCES

As at 30th September 2008, the Group employed 1,680 staff (2007: 1,401). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. Options to subscribe for a maximum of approximately 3.5 million shares in the Company in aggregate had been granted and are outstanding as at 30th September 2008 to a director and an employee pursuant to the Company's share option scheme. Exercise price of which is HK$0.42.

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

During the year ended 30th September 2008, 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 2008.

Code Provision A.2.1

Code provision A.2.1 of the 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.

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive directors. It is responsible for appointment of external auditors, review of the Group's financial information, oversee of the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to the Company's external auditor. Its terms of reference are available on request.

It also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code.

REMUNERATION COMMITTEE

The members of the Remuneration Committee comprises all independent non-executive directors of the Company and the Group's Human Resources Director.

Remuneration Committee is responsible for making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

INVESTMENT ADVISORY COMMITTEE

The members of the Investment Advisory Committee comprises all independent non-executive directors of the Company and Ms. Yu Lai Si, executive director and chief executive officer of the Company and is responsible for setting guidelines on the portfolio mix of the Group's investments for the daily execution of investment decisions and monitoring of the investment portfolio. The Committee meet and review the investment directions and the portfolio mix as well as evaluating the performance of the investment portfolio.

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 2008 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, 15th January 2009

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 JP, Wong Chun Nam and Wong Chi Keung.