

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

~H₂O+

Water Oasis Group Limited

(incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

On 21st January, 2004, Water Oasis entered into the Agreements with Bestway 2000 and Ever Strong respectively for the sale and purchase of the Properties. The consideration for the acquisition of the Foo Ming Property by Water Oasis is HK\$3,000,000 and the consideration for the acquisition of the Lee Garden Property by Water Oasis is HK\$30,980,000.

The transactions contemplated under the Agreements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

A circular in connection with the acquisition of the Properties will be despatched to the shareholders of the Company as soon as practicable.

THE FOO MING PROPERTY

Date of the
Foo Ming

Agreement : 21st January, 2004

Vendor : Bestway 2000, an Independent Third Party

Purchaser : Water Oasis

Summary : The Foo Ming Agreement was entered into between Water Oasis and Bestway 2000 pursuant to which the parties have agreed on the sale and purchase of the Foo Ming Property. The consideration for the acquisition of the Foo Ming Property by Water Oasis is HK\$3,000,000. The parties are required to enter a formal agreement for the sale and purchase of the Foo Ming Property on or before 6th February, 2004.

The consideration for the purchase of the Foo Ming Property is payable in cash on completion. The Foo Ming Agreement is expected to be completed on or before 30th April, 2004.

THE LEE GARDEN PROPERTY

Date of the
Lee Garden

Agreement : 21st January, 2004

Vendor : Ever Strong, an Independent Third Party

Purchaser : Water Oasis

Summary : The Lee Garden Agreement was entered into between Water Oasis and Ever Strong pursuant to which the parties have agreed on the sale and purchase of the Lee Garden Property. The consideration for the acquisition of the Lee Garden Property by Water Oasis is HK\$30,980,000. The parties are required to enter into a formal agreement for the sale and purchase of the Lee Garden Property on or before 6th February, 2004.

The consideration for purchase of the Lee Garden Property is payable in cash on completion. The Lee Garden Agreement is expected to be completed on or before 30th April, 2004.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE PROPERTIES

The Group is a skin-care and beauty group with exclusive distribution rights to the ~H₂O+ brand skincare product range in the Greater China region and Singapore. It also operates spa and beauty centers in Hong Kong under the brand names of "Oasis Spa", "Oasis Beauty" and "Oasis Beauty Homme", which offer wide varieties of massage and beauty services.

The Properties are located in prime commercial district in Hong Kong and will be used by the Group for investment purpose by way of rental income for the time being. The Properties are currently subject to tenancies, which will both expire on 30th June, 2006 and the existing tenants of the Properties are Independent Third Parties. In light of current interest rates offered by banks in Hong Kong, the Directors are of the view that the monthly rental income from the Properties is reasonable from a commercial point of view as it offers an annual rate of return ranging from approximately 4% to 8%. The Properties are currently used by the existing tenants for the retail of jades. Upon expiry of the existing tenancies, the Group may continue to rent out the Properties or expand its retail outlets and/or beauty centres depending on the then market conditions. The acquisition of the Properties will be funded through a combination of internal resources and bank financing, which is expected to be in the proportion of approximately 40% and 60% respectively.

GENERAL

The Directors are of the view that the acquisition of Properties is in the interest of the Company and the terms of the Agreements are fair and reasonable as far as the shareholders of the Company are concerned.

The Directors have been informed that Bestway 2000 and Ever Strong are incorporated for the purposes of investment holdings.

The transactions contemplated under the Agreements constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

The Directors confirm that the considerations for the Properties have been determined after arm's length negotiations between the parties by reference to the market value of similar properties in the commercial market in Causeway Bay.

A circular in connection with the acquisition of the Properties will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, the following terms have the following meanings:

"Agreements" the Foo Ming Agreement and the Lee Garden Agreement;

"Bestway 2000" Bestway 2000 Limited, a company incorporated in Hong Kong, in which the beneficial owners are all Independent Third Parties;

"Company" Water Oasis Group Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange;

"Directors" the directors of the Company;

"Ever Strong" Ever Strong Development Limited, a company incorporated in Hong Kong, in which the beneficial owners are all Independent Third Parties;

"Foo Ming Agreement" the provisional agreement dated 21st January, 2004 between Water Oasis and Bestway 2000 for the sale and purchase of the Foo Ming Property;

"Foo Ming Property" a property located in the commercial business district at Flat No. M and N on the 1st Floor of Po Foo Building, No. 1 Foo Ming Street, Hong Kong with a floor area of approximately 1,100 square feet;

"Group" the Company and its subsidiaries;

"Independent Third Party" an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;

"Lee Garden Agreement" the provisional agreement dated 21st January, 2004 between Water Oasis and Ever Strong for the sale and purchase of the Lee Garden Property;

"Lee Garden Property" a property located in the commercial business district at Shop No. J on Ground Floor, Po Foo Building, Nos. 84-94 Percival Street, No. 3-5 Foo Ming Street and Nos 39-47 Lee Garden Road, Hong Kong with a floor area of approximately 470 square feet;

"Listing Rules" The Rules Governing the Listing of Securities on the Stock Exchange;

"Properties" the Foo Ming Property and the Lee Garden Property;

"Stock Exchange" The Stock Exchange of Hong Kong Limited; and

"Water Oasis" Water Oasis Company Limited, a company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of the Company.

By Order of the
Board of Directors,
Cheng Chi Wai
Company Secretary

Dated: 28th January, 2004