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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Water Oasis Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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**WATER OASIS GROUP LIMITED**

**奧思集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**DISCLOSEABLE TRANSACTION**

**Acquisition of Commercial Premises at  
Causeway Bay, Hong Kong**

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18th February, 2004

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“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;
“Board”	the board of Directors;
“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;
“HK\$”	Hong Kong dollars;
“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);
“Latest Practicable Date”	16th February, 2004 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“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;

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## DEFINITIONS

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“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;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“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.

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## LETTER FROM THE BOARD

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# WATER OASIS GROUP LIMITED

## 奧思集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

*Executive Directors:*

YU Lai Si *Chief Executive Officer*  
TAM Chie Sang  
YU Lai Chu, Eileen  
YU Kam Shui, Erastus  
LAI Yin Ping

*Independent non-executive Directors:*

WONG Lung Tak, Patrick, *J.P.*  
WONG Chun Nam, Duffy

*Registered Office:*

Century Yard, Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Head Office and Principal*

*Place of Business:*  
18th Floor, World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

18th February, 2004

*To the shareholders of the Company*

Dear Sir/Madam,

### DISCLOSEABLE TRANSACTION

#### 1. INTRODUCTION

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 acquisition of the Properties constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information relating the Company and the Agreements.

#### 2. DETAILS OF THE PROPERTIES

##### **The Foo Ming Property**

On 21st January, 2004, Bestway 2000 and Water Oasis entered into the Foo Ming Agreement. 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. On 9th February,

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## LETTER FROM THE BOARD

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2004, the parties entered a formal agreement for 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 and is payable in cash on completion. Completion of the sale and purchase of the Foo Ming Property is expected to be on or before 30th April, 2004.

### **The Lee Garden Property**

On 21st January, 2004, Ever Strong and Water Oasis entered into the Lee Garden Agreement. 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. On 9th February, 2004, the parties entered a formal agreement for 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, which is considered by the Directors to be comparable to similar properties in the district, is payable in cash on completion. Completion of the sale and purchase of the Lee Garden Property is expected to be on or before 30th April, 2004.

### **3. 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 ~H<sub>2</sub>O+ brand skincare product range in the Greater China region and Singapore. It also operates spa and beauty centres 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 spa 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.

### **4. GENERAL INFORMATION**

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 were incorporated for the purposes of investment holdings.

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## LETTER FROM THE BOARD

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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. The Directors consider that upon completion of the acquisition of the Properties, the asset portfolio of the Group will be enriched by an amount equal to approximately HK\$33,980,000.

### 5. ADDITIONAL INFORMATION

Your attention is drawn to the Statutory Information incorporated in the appendix of this circular.

By order of the Board

**Yu Lai Si**

*Executive Director and Chief Executive Officer*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

- (i) As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

### Long position in the Shares

Name of Director	Name of company	Capacity	Personal interests	Corporate interest	Family interest	Other interest	Total	Percentage of issued share capital
Yu Lai Si	The Company	Beneficial owner	77,666,880 Shares	-	-	-	77,666,880 Shares	24.1%
	Water Oasis	Beneficial owner	330,000 non voting deferred shares	-	-	-	330,000 non voting deferred shares	
Tam Chie Sang	The Company	Interest of a controlled corporation	-	-	-	77,666,880 Shares (1)	77,666,880 Shares	24.1%
	Water Oasis	Beneficial owner and interest of spouse	165,000 non voting deferred shares	-	165,000 non voting deferred shares (2)	-	330,000 non voting deferred shares	

Name of Director	Name of company	Capacity	Personal interests	Corporate interest	Family interest	Other interest	Total	Percentage of issued share capital
Yu Lai Chu, Eileen	The Company	Interest of a controlled corporation	-	-	-	77,666,880 Shares (1)	77,666,880 Shares	24.1%
	Water Oasis	Beneficial owner and interest of spouse	165,000 non voting deferred shares	-	165,000 non voting deferred shares (3)	-	330,000 non voting deferred shares	
Yu Kam Shui, Erastus	The Company	Interest of spouse and interest of a controlled corporation	-	-	38,833,440 Shares (5)	38,833,440 Shares (4)	77,666,880 Shares	24.1%
Lai Yin Ping	The Company	Interest of spouse and interest of a controlled corporation	-	-	38,833,440 Shares (4)	38,833,440 Shares (5)	77,666,880 Shares	24.1%

*Notes:*

- (1) These Shares are registered in the name of Zinna Group Limited. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited, which forms part of the discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) These shares are registered in the name of Yu Lai Chu, Eileen, the wife of Tam Chie Sang.
- (3) These shares are registered in the name of Tam Chie Sang, the husband of Yu Lai Chu, Eileen.
- (4) These Shares are registered in the name of Advance Favour Holdings Limited, a British Virgin Islands company held by K S Yu 2002 Grantor Retained Annuity Trust formed for the benefit of Yu Kam Shui, Erastus and Lai Yin Ping's sister, Lai Yin Ling and upon her death, Yu Kam Shui, Erastus' mother Fung Sin Ping. Yu Kam Shui, Erastus and his spouse Lai Yin Ping are the trustees to the K S Yu 2002 Grantor Retained Annuity Trust.
- (5) These Shares are registered in the name of Billion Well Holdings Limited, a British Virgin Islands company held by Y P Lai 2002 Grantor Retained Annuity Trust formed for the benefit of Lai Yin Ping, and Lai Yin Ping's sister, Lai Yin Ling and upon her death Lai Yin Ping's mother, Wong Kwai Ying. Lai Yin Ping is the sole trustee to the Y P Lai 2002 Grantor Retained Annuity Trust.

**Long position in the underlying Shares**

<b>Name of Director</b>	<b>Name of company</b>	<b>Personal interests</b>
Yu Lai Si	The Company	6,000,000
Tam Chie Sang	The Company	3,000,000
Yu Lai Chu, Eileen	The Company	3,000,000
Yu Kam Shui, Erastus	The Company	3,000,000
Lai Yin Ping	The Company	3,000,000
Wong Lung Tak, Patrick	The Company	600,000
Wong Chun Nam, Duffy	The Company	600,000
		19,200,000
		19,200,000

*Note:* The above interests are obtained pursuant to the share options granted by the Company pursuant to the share option scheme of the Company.

Save as disclosed herein and as at the Latest Practicable Date, none of the Director or chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

- (ii) Each of the executive Directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on 1st October, 2001 and shall continue thereafter until terminated by either party giving to the other not less than three calendar months' prior notice in writing, so as to expire on 30th September, 2004 or at any time thereafter provided that no such notice may be given before 30th June, 2004.

Save as disclosed above, none of the Directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 3. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company and as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or

indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any option in respect of such capital:

Name	Number of Shares	Approximate percentage of voting power
Zinna Group Limited <sup>(1)</sup>	77,666,880	24.1%
Advance Favour Holdings Limited <sup>(2)</sup>	38,833,440	12.1%
Billion Well Holdings Limited <sup>(3)</sup>	38,833,440	12.1%

*Notes:*

- (1) All voting rights of Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited, which forms part of a discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) Advance Favour Holdings Limited is a British Virgin Islands company held by K S Yu 2002 Grantor Retained Annuity Trust formed for the benefit of Yu Kam Shui, Erastus and Lai Yin Ping's sister, Lai Yin Ling and upon her death, Yu Kam Shui, Erastus' mother Fung Sin Ping. Yu Kam Shui, Erastus and Lai Yin Ping are the trustees to the K S Yu 2002 Grantor Retained Annuity Trust.
- (3) Billion Well Holdings Limited is a British Virgin Islands company held by Y P Lai 2002 Grantor Retained Annuity Trust formed for the benefit of Lai Yin Ping, and Lai Yin Ping's sister, Lai Yin Ling and upon her death Lai Yin Ping's mother, Wong Kwai Ying. Lai Yin Ping is the sole trustee to the Y P Lai 2002 Grantor Retained Annuity Trust.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware of any person, other than a Director or chief executive of the Company, who, as at the Latest Practicable Date, had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

#### 4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

#### 5. GENERAL

- (i) The secretary of the Company is Cheng Chi Wai, FCCA, FHKSA, FCIS, FCS.
- (ii) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The

head office and principal place of business of the Company is at 18/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

- (iii) The branch share registrars and transfer office of the Company in Hong Kong is Standard Registrars Limited located at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (iv) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.