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# Water Oasis Group Limited

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

(Stock Code: 1161)

## MAJOR TRANSACTIONS

### DISPOSAL OF PROPERTIES

#### **PROPOSED DISPOSAL**

On 15 March 2006, Water Oasis entered into the Agreements with Plentiful Land for the sale and purchase of the Properties. The consideration for the Disposal of the Foo Ming Property by Water Oasis is HK\$5,000,000 and the consideration for the Disposal of the Lee Garden Property by Water Oasis is HK\$61,000,000.

The transactions contemplated under the Agreements together constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to Shareholders' approval at an extraordinary general meeting to be convened.

To the best knowledge, information and belief of the Directors having made all reasonable enquires, Plentiful Land and the ultimate beneficial owners of Plentiful Land are Independent Third Parties.

A circular containing details of the Disposal together with an EGM notice will be despatched to the Shareholders as soon as practicable.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30a.m. on 16 March 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30a.m. on 17 March 2006.

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

Date of the

Foo Ming Agreement: 15 March 2006

Vendor: Water Oasis

Purchaser: Plentiful Land, an Independent Third Party

Summary:

The Foo Ming Agreement was entered into between Water Oasis and Plentiful Land pursuant to which Water Oasis has agreed to sell and Plentiful Land has agreed to purchase the Foo Ming Property. The consideration for the disposal of the Foo Ming Property by Water Oasis is HK\$5,000,000. The parties are required to enter into a formal agreement for the sale and purchase of the Foo Ming Property on or before 3 April 2006.

The initial deposit being HK\$150,000 has been paid to the solicitors of Water Oasis as stakeholder ("Stakeholder") upon signing of the Foo Ming Agreement. Further deposit in the sum of HK\$350,000 is payable to the Stakeholder upon signing of the formal agreement (which is expected to be on or before 3 April 2006) and the remaining consideration for the purchase of the Foo Ming Property being HK\$4,500,000 is payable to Water Oasis on completion. The Foo Ming Agreement is expected to be completed on or before 3 August 2006 whereupon the deposits will be released by the Stakeholder to Water Oasis.

## **The Lee Garden Property**

Date of the

Lee Garden Agreement: 15 March 2006

Vendor: Water Oasis

Purchaser: Plentiful Land, an Independent Third Party

Summary: The Lee Garden Agreement was entered into between Water Oasis and Plentiful Land pursuant to which Water Oasis has agreed to sell and Plentiful Land has agreed to purchase the Lee Garden Property. The consideration for the disposal of the Lee Garden Property by Water Oasis is HK\$61,000,000. The parties are required to enter into a formal agreement for the sale and purchase of the Lee Garden Property on or before 3 April 2006.

The initial deposit being HK\$1,800,000 has been paid to the Stakeholder upon signing of the Lee Garden Agreement. Further deposit in the sum of HK\$4,200,000 is payable to the Stakeholder upon signing of the formal agreement (which is expected to be on or before 3 April 2006) and the remaining consideration for purchase of the Lee Garden Property being HK\$55,000,000 is payable to Water Oasis on completion. The Lee Garden Agreement is expected to be completed on or before 3 August 2006 whereupon the deposits will be released by the Stakeholder to Water Oasis.

### **Conditions**

Completion of each of the Foo Ming Agreement and the Lee Garden Agreement are inter-conditional and are both subject to approval by the Shareholders at the EGM on or before 31 May 2006. Water Oasis may terminate the Agreements if such approval is not obtained and the deposits received shall be returned to Plentiful Land without interest.

### **Reasons for and benefits of the Disposal**

The Properties are located in the prime commercial district in Hong Kong and have been used by the Group for investment purpose by way of rental income since April 2004. The Properties are currently subject to tenancies, which will both expire on 30 June 2006.

Although the original intention was to hold the Properties for long term rental income purposes, the Directors consider that it is an opportunity for the Group to realise its investment in the property market in light of the increase in the value of real estate in the retail sector of the Hong Kong property market and the substantial gain expected to be generated from the proposed Disposal. The Group purchased the Foo Ming Property and the Lee Garden Property in April 2004 at a cost of HK\$3,000,000 and HK\$30,980,000 respectively, details of which are set out in the announcement issued by the Company dated 28 January 2004 (“Acquisition”). Based on such acquisition costs, the expected aggregate gain accrued to the Group upon completion of the Disposal is approximately HK\$30,000,000 after taking into account stamp duty and other expenses payable by the Group in relation to the Acquisition and the Disposal of approximately HK\$2,000,000. The Group intends to use the sale proceeds from the Disposal for general working capital purpose. The net profits before taxation and extraordinary items attributable to the Properties are approximately HK\$414,000 and HK\$723,000 for the period from 30 April 2004 (date of completion of acquisition of the Properties) to 30 September 2004 and for the financial year ended 30 September 2005 respectively. The net profits after taxation and extraordinary items attributable to the Properties are approximately HK\$341,000 and HK\$596,000 for the period from 30 April 2004 to 30 September 2004 and for the financial year ended 30 September 2005 respectively.

The Directors confirm that the aggregate consideration 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 same location. The Directors are of the view that the proposed Disposal is in the interest of the Company and the terms of the Agreements and the consideration are fair and reasonable in the interests of the Company and the Shareholders as a whole. As at 30 September 2005, the Properties were valued at approximately HK\$62,000,000 and this was reflected in the published audited accounts of the Group for the year ended 30 September 2005.

### **Information of the Group and Plentiful Land**

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 China, Hong Kong, Macau, Taiwan and Singapore. It also operates spa and beauty centers in Hong Kong under the brand names of “Oasis Spa”, “Oasis Beauty”, “Aqua Beauty” and “Oasis Homme”, which offer wide varieties of massage and beauty services.

Plentiful Land is a company incorporated in Hong Kong for the purpose of investments holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquires, Plentiful Land and the ultimate beneficial owners of Plentiful Land are Independent Third Parties.

## **General**

As the consideration for the Disposal represents more than 25% but less than 75% of the applicable percentage ratios, the Disposal constitutes a major transaction for the Company under the Listing Rules. Accordingly, the Agreements and the transactions contemplated therein are subject to approval by the Shareholders at the EGM. No Shareholder is required to abstain from voting in respect of the ordinary resolution(s) to approve the Disposal at the EGM.

A circular containing, among other things, (i) details of the Agreements and the transactions contemplated therein; (ii) the valuation report of the Properties and (iii) a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

## **Suspension and Resumption of Trading**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 16 March 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30a.m. on 17 March 2006.

## **Definitions**

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

“Agreements”	the Foo Ming Agreement and the Lee Garden Agreement;
“Company”	Water Oasis Group Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange;
“Disposal”	the proposed disposal of the Properties by Water Oasis to Plentiful Land pursuant to the Agreements;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Agreements and the transactions contemplated thereunder;
“Foo Ming Agreement”	the provisional agreement dated 15 March, 2006 between Water Oasis and Plentiful Land 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 & 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(ies)”	(an) independent third party(ies) 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 15 March 2006 between Water Oasis and Plentiful Land 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, Nos. 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;
“Plentiful Land”	Plentiful Land Limited, a company incorporated in Hong Kong and the beneficial owners of which are all Independent Third Parties;
“Properties”	the Foo Ming Property and the Lee Garden Property;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“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: 16 March 2006

*As at the date of this announcement, the Executive Directors include Yu Lai Si, Tam Chie Sang, Yu Lai Chu, Eileen, Yu Kam Shui, Erastus and Lai Yin Ping; the Independent Non-executive Directors include Wong Lung Tak, Patrick JP, Wong Chun Nam and Wong Chi Keung.*

Please also refer to the published version of this announcement in The Standard.