
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, 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 with the enclosed form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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WATER OASIS GROUP LIMITED
奧思集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1161)

MAJOR TRANSACTIONS
Disposal of Properties

A notice convening the EGM (as defined herein) to be held on Tuesday, 25 April 2006 at 10:00 a.m. at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong is set out on pages 21 of this circular. If you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

7 April 2006

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DEFINITIONS

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;
“Announcement”	the announcement dated 16 March 2006 issued by the Company in relation to a proposed Disposal of the Properties;
“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;
“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 Nos. 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;
“Latest Practicable Date”	31 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein;
“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;

DEFINITIONS

“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;
“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;
“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.

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)
(Stock Code: 1161)

Executive Directors

Yu Lai Si
Tam Chie Sang
Yu Lai Chu, Eileen
Yu Kam Shui, Erastus
Lai Yin Ping

Independent Non-executive Directors

Wong Lung Tak, Patrick, JP
Wong Chun Nam
Wong Chi Keung

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

7 April 2006

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTIONS – DISPOSAL OF PROPERTIES

INTRODUCTION

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 DISPOSAL

Water Oasis, an indirect wholly-owned subsidiary of the Company and Plentiful Land entered into the Agreements on 15 March 2006 for the disposal of the Properties located in the commercial business district in Hong Kong. The parties are required to enter into a formal agreement for the sale and purchase of the Properties on or before 3 April 2006.

LETTER FROM THE BOARD

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 EGM 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.

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 Water Oasis. Further deposit in the sum of HK\$350,000 is payable to the solicitor of Water Oasis as stakeholder ("Stakeholder") upon signing of the formal agreement (which is expected to be on or before 3 April 2006) and such further deposit will be paid by the Stakeholder to Water Oasis when the Stakeholder received cleared funds in respect of such deposit. 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. Subsequent to the Announcement, the parties agreed to postpone the signing of the formal agreement from 3 April 2006 to a later date to be agreed. If the formal agreement cannot be entered into before the EGM to be held on Tuesday, 25 April 2006, a subsequent announcement will be issued by the Company in due course.

THE LEE GARDEN PROPERTY

Date of the

Lee Garden Agreement: 15 March 2006

Vendor: Water Oasis

Purchaser: Plentiful Land, an Independent Third Party

LETTER FROM THE BOARD

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 Water Oasis. 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 such further deposit will be paid by the Stakeholder to Water Oasis when the Stakeholder received cleared funds in respect of such deposit. 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. Subsequent to the Announcement, the parties agreed to postpone the signing of the formal agreement from 3 April 2006 to a later date to be agreed. If the formal agreement cannot be entered into before the EGM to be held on Tuesday, 25 April 2006, a subsequent announcement will be issued by the Company in due course.

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 given 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. 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 of the Properties and the Disposal of approximately HK\$2,000,000. The Group intends to use the sale proceeds from the Disposal as to HK\$10,000,000 for repayment of outstanding mortgage loan required for the purchase of the Properties and the remaining balance for general working capital purposes.

LETTER FROM THE BOARD

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 values 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.

The valuation of the Properties as at 15 March 2006 is HK\$60,000,000, details of which are set out in Appendix I of this circular. The Properties had a net book value of HK\$62,000,000 in the consolidated balance sheet of the Group as at 30 September 2005, and the consideration to be received by the Group from the Disposal exceeds such value by HK\$4,000,000.

EFFECT OF THE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE COMPANY

The 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 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 (date of completion of acquisition of the Properties) to 30 September 2004 and for the financial year ended 30 September 2005 respectively. In light of the rising trend in interest rates, the lost in profits attributable to the Properties will be well covered by the income expected to be generated from the net proceeds of the proposed Disposal.

Part of the proceeds from the proposed Disposal will be used to repay the outstanding mortgage loan acquired for the purchase of the Properties. As at the Latest Practicable Date, such outstanding mortgage loan amounted to approximately HK\$10,000,000.

After the completion of the proposed Disposal and the repayment of the aforesaid mortgage loan, the total assets of the Group will be increased by approximately HK\$3,000,000 whereas the total liabilities of the Group will be reduced by approximately HK\$10,000,000.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is well-advanced in completing the final administrative procedures in relation to the application of its own China retail license to capture the future opportunities of the China market. The Group believes there has strong prospects in today's affluent urban China environment.

The Group is also having further product diversifications by planning to have a secondary line of ~H₂O+ products in Asia in 2006. Besides, the Group will also have more new health products and a new brand of skin care products for distribution in 2006.

In a different aspect, the Group is continuing to enrich its health and beauty services by expanding its fleet of beauty centers. The Directors believe with its experience and expertise in the industry, there will have a promising growth in this sector which will ultimately contribute to the profit growth of the Group.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP AND PLENTIFUL LAND

The Group is a skin-care and beauty group with exclusive distribution rights to the ~H₂O+ 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.

EXTRAORDINARY GENERAL MEETING

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 thereunder are subject to approval by the Shareholders at the EGM.

A notice convening the EGM to be held on Tuesday, 25 April 2006 at 10.00 a.m. at Level 28, Three Pacific Place, 1 Queen’s Road East, Hong Kong is set out on pages 21 of this circular for the purpose of considering and, if thought fit, passing with or without amendments the ordinary resolution set out therein.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting on the resolution to approve the Agreements at the EGM and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed. If you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including all the independent non-executive 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. Accordingly, the Directors (including all the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Cheng Chi Wai
Company Secretary



29/F Office Tower
Convention Plaza, 1 Harbour Road
Wanchai, Hong Kong
+852 2810 8123
+852 2845 0649 Fax

www.knightfrank.com

15 March 2006

The Directors
Water Oasis Group Limited
18th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests (the “Properties”) as per the attached valuation certificate, which are held by an indirect wholly-owned subsidiary of Water Oasis Group Limited (the “Company”), for the purpose of disclosure in a public circular, we confirm that we have carried out inspections, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 15 March 2006.

Our valuation of each of the Properties is our opinion of the market value and here we would define market value as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owner sells the Properties in the open market in their existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase the values of such property interests.

In undertaking the valuation of the Properties which are currently held for investment purpose, we have adopted “Direct Comparison Approach” with reference to comparable market transactions and where appropriate on the basis of capitalization of the net income shown on the schedules handed to us. We have allowed for outgoings and in some cases made provision for reversionary income potential.

We have relied to a very considerable extent information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, lettings, rental income and floor areas etc.

We have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments that do not appear on the copies handed to us. All documents and leases have been used for reference only. All dimensions, measurements and areas included in the valuation certificate are only approximation.

We have inspected the exterior of the Properties. However, we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures that are covered, unexposed or inaccessible. We are therefore unable to confirm whether the Properties are or are not free of rot, infestation or any other defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

In preparing our valuation report, we have regard to the requirements contained in Chapter 5 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully,
For and on behalf of
KNIGHT FRANK HONG KONG LIMITED
Catherine Cheung
MHKIS MRICS RPS(GP)
Director

Note: Catherine Cheung is a member of The Hong Kong Institute of Surveyors, a member of The Royal Institution of Chartered Surveyors and a Registered Professional Surveyor (General Practice). She has over 10 years' post qualification experience in valuation of Hong Kong and China properties.

SUMMARY OF VALUATION

Property	Market value in existing state as at 15 March 2006
1. 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, Causeway Bay, Hong Kong	HK\$55,000,000
2. Flat Nos. M and N on 1st Floor, Po Foo Building, No. 1 Foo Ming Street Causeway Bay, Hong Kong	HK\$5,000,000
	<hr/> Total: HK\$60,000,000 <hr/> <hr/>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of Occupancy	Market Value in existing state as at 15 March 2006
1. 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, Causeway Bay, Hong Kong 1/186 equal and undivided share of and in Section A of Sub-Section 1 of Section Y of Inland Lot No. 29.	The Property comprises a shop on the Ground Floor of a 14-storey composite building. The building was completed in 1964. The saleable area of the Property is 457 sq.ft. The Property is held under a Government Lease for a term of 982 years from 25 June 1860. The Government rent for the subject lot section is HK\$42 per annum.	The Property is currently subject to a tenancy for a term of three years commencing from 1 July 2003 to 30 June 2006 at a monthly rent of HK\$90,000 exclusive of rates, Government rent and management fee.	HK\$55,000,000

Notes:

1. The registered owner of the Property is Water Oasis Company Limited which is an indirect wholly-owned subsidiary of the Company.
2. The Property is subject to a Mortgage to secure general banking facilities in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide Memorial No. UB9224844 dated 30 April 2004.
3. The Property is subject to Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide Memorial No. UB9224845 dated 30 April 2004.
4. The Property falls within an area zoned for "Commercial / Residential" uses according to Causeway Bay Outline Zoning Plan S/H6/14 dated 13 September 2005.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of Occupancy	Market Value in existing state as at 15 March 2006								
2. Flat Nos. M and N on 1st Floor, Po Foo Building, No. 1 Foo Ming Street Causeway Bay, Hong Kong 2/186 equal and undivided shares of and in Section A of Sub-Section 1 of Section Y of Inland Lot No. 29.	<p>The Property comprises two flats on 1st Floor of a 14-storey composite building. The building was completed in 1964.</p> <p>The saleable areas of the respective units are listed as follows:–</p> <table border="1" data-bbox="475 719 823 902"> <thead> <tr> <th data-bbox="475 719 528 746">Unit</th> <th data-bbox="667 719 823 778">Saleable Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 817 687 844">Flat M on 1st Floor</td> <td data-bbox="778 817 823 844">478</td> </tr> <tr> <td data-bbox="475 846 687 874">Flat N on 1st Floor</td> <td data-bbox="778 846 823 874">512</td> </tr> <tr> <td data-bbox="475 876 687 904">Flat Roof on Flat N</td> <td data-bbox="778 876 823 904">160</td> </tr> </tbody> </table>	Unit	Saleable Area (sq.ft.)	Flat M on 1st Floor	478	Flat N on 1st Floor	512	Flat Roof on Flat N	160	<p>The Property is currently subject to a tenancy for a term of three years commencing from 1 July 2003 to 30 June 2006 at a monthly rent of HK\$20,000 exclusive of rates, Government rent and management fee.</p>	HK\$5,000,000
Unit	Saleable Area (sq.ft.)										
Flat M on 1st Floor	478										
Flat N on 1st Floor	512										
Flat Roof on Flat N	160										
	<p>The Property is held under a Government Lease for a term of 982 years from 25 June 1860.</p>										
	<p>The Government rent for the subject lot section is HK\$42 per annum.</p>										

Notes:

1. The registered owner of the Property is Water Oasis Company Limited which is an indirect wholly-owned subsidiary of the Company.
2. The Property is subject to a Mortgage to secure general banking facilities in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide Memorial No. UB9224844 dated 30 April 2004.
3. The Property is subject to Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide Memorial No. UB9224845 dated 30 April 2004.
4. The Property falls within an area zoned for "Commercial / Residential" uses according to Causeway Bay Outline Zoning Plan S/H6/14 dated 13 September 2005.

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 of the Company and its associated corporations

Name of Director	The Company/ name of associated corporation	Capacity	Personal interests	Corporate interests	Family interests	Other interests	Percentage of issued share capital	
							Total	
Yu Lai Si	The Company	Beneficial owner	80,666,880 ordinary	-	-	-	80,666,880 ordinary	23.6%
	Water Oasis Company Limited	Beneficial owner	330,000 non voting deferred	-	-	-	330,000 non voting deferred	-
Tam Chie Sang	The Company	Interest of spouse and interest of a controlled corporation	-	-	900,000 ordinary (2)	77,666,880 ordinary (1)	78,566,880 ordinary	23.0%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non voting deferred	-	165,000 non voting deferred (2)	-	330,000 non voting deferred	-
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of a controlled corporation	900,000 ordinary	-	-	77,666,880 ordinary (1)	78,566,880 ordinary	23.0%
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non voting deferred	-	165,000 non voting deferred (3)	-	330,000 non voting deferred	-

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.

Save as disclosed herein and as at the Latest Practicable Date, none of the Director or chief executive of the Company or any of their associates, 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 1 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 30 September 2005 or at any time thereafter provided that no such notice may be given before 30 June 2005.
- (iii) 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 determined by the Group within one year without payment of compensation (other than statutory compensation.)
- (iv) as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been, since 30 September 2005, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (v) as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the substantial shareholders who has an interest or short position in the shares and underlying shares of the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO or directly or indirectly having interests in 10% or more of the issued share capital of the Company were:

Name of Shareholder	Capacity	Long Position/ Short Position	Number of Shares held	Approximate percentage of voting power
Zinna Group Limited (1)	Interest of a controlled corporation	Long Position	77,666,880	22.7%
Advance Favour Holdings Limited (2)	Interest of a controlled corporation	Long Position	38,833,440	11.4%
Billion Well Holdings Limited (3)	Interest of a controlled corporation	Long Position	38,833,440	11.4%

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 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) Advance Favour Holdings Limited is a British Virgin Islands company beneficially owned by Lai Yin Ling, sister of Lai Yin Ping, a director of the Company.
- (3) Billion Well Holdings Limited is a British Virgin Islands company beneficially owned by Lai Yin Ling, sister of Lai Yin Ping, a director of the Company.

Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, had a direct or indirect interest amounting to 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 members of the Group.

4. INDEBTEDNESS

As at the Latest Practicable Date, the Group had outstanding mortgage loan of approximately HK\$10,000,000, bank guarantees and other trade facilities of approximately HK\$11,000,000. The Group had total available banking facilities of approximately HK\$37,000,000 of which approximately HK\$21,000,000 was utilised.

As at the Latest Practicable Date, the Group had no contingent liabilities.

Save as disclosed in the circular, none of the companies of the Group had any outstanding mortgages and charges as at the Latest Practicable Date.

5. WORKING CAPITAL

The Directors of the Company are of the opinion that, after taking into account the internal resources available to the Group and present available banking facilities and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements and for the next twelve months from the date of this circular.

6. 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.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letter or advices contained in this circular:

Name	Qualification
Knight Frank Hong Kong Limited	Professional surveyors and valuers

Knight Frank Hong Kong Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and / or references to its name, in the form and context in which it appears.

Knight Frank Hong Kong Limited is not interested in the assets which have been acquired or disposal of by or leased to any member of the Group, since 30 September 2005, the date to which the latest audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACT

The following is a contract (not being contract entered into in the ordinary course of business) entered into by the Company or its subsidiaries within the two years preceding the date of this circular up to the Latest Practicable Date and which is or may be material:

- Sale and purchase agreement dated 28 April 2004 entered into between the purchaser, Master Advance Limited, an indirect wholly-owned subsidiary of the Company and the vendor, Lam Leung Miu Leo, Ching Siu Har and Ching Siu Fong in relation to the acquisition of a property located at Flat B, 10th Floor, Tower 5 Residence Bel-Air Island South, Hong Kong for the consideration of HK\$12,180,000.

9. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles, a resolution put to the vote of a general meeting shall be decided on a show of hands (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to Article 67 of the Articles, unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong during normal business on any weekday (except public holidays) from the date of this circular up to and including 21 April 2006:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company of the two financial years immediately preceding the issue of this circular;
- (c) the valuation report dated 15 March 2006;
- (d) the material contract referred to in this appendix; and

- (e) the following circular which was issued by the Company pursuant to the requirements set out under Chapter 14 of the Listing Rules since 30 September 2005, being the date to which the latest published audited consolidated financial statements of the Group were made up:
 - a circular dated 26 January 2006 regarding, amongst other things (i) a proposed general mandate to issue shares with an aggregate nominal amount not exceeding 20% of the issued share capital, and (ii) a proposed repurchase mandate with an aggregate nominal amount not exceeding 10% of the issued share capital.

11. GENERAL

- (i) The secretary and the qualified accountant of the Company is Cheng Chi Wai, *FCCA, FCPA, FCIS, FCS*.
- (ii) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P. O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office and principal place of business of the Company is at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (iii) The branch share registrars of the Company in Hong Kong is Standard Registrars Limited whose share registration public offices are located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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WATER OASIS GROUP LIMITED
奧思集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1161)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Water Oasis Group Limited (the “Company”) will be held on Tuesday, 25 April 2006 at 10:00 a.m. at Level 28, Three Pacific Place, 1 Queen’s Road East, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendment the following resolution which will be proposed as an ordinary resolution:–

ORDINARY RESOLUTION

1. **“THAT:**

- (i) the agreement (“Foo Ming Agreement”) dated 15 March 2006 entered into between Water Oasis Company Limited, as vendor, and Plentiful Land Limited as purchaser, for the sale and purchase of the property located in the commercial business district at Flat Nos. 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 for the sum of HK\$5,000,000 (a copy of which has been produced at the EGM and marked as “A” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) the agreement (“Lee Garden Agreement”) dated 15 March 2006 entered into between Water Oasis Company Limited, as vendor, and Plentiful Land Limited as purchaser, for the sale and purchase of the property located in the commercial business district at Shop 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 for the sum of HK\$61,000,000 (a copy of which has been produced at the EGM and marked as “B” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (iii) the board of directors of the Company (the “Board”) be and is hereby authorised to do all other acts and things and take such action as may in the opinion of the Board be necessary desirable or expedient to implement and give effect to the transactions contemplated under the Foo Ming Agreement and the Lee Garden Agreement”

By Order of the Board
Cheng Chi Wai
Company Secretary

Hong Kong, 7 April 2006

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the principal place of business of the Company at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the EGM or any adjournment thereof, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holder may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. A form of proxy for use at the EGM is enclosed.