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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 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 to the purchaser or the transferee or to the bank, licensed securities dealer, or other agent through whom the sale or 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)

(Stock Code: 1161)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY**

A letter from the board of Directors of Water Oasis Group Limited is set out on pages 3 to 6 of this circular.

4 February 2008

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
Details of the Acquisition	4
Reasons for the Acquisition	5
Financial Effects on the Group	6
Additional Information	6
Appendix – General Information	7

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by Claire International pursuant to the Particulars and Conditions of Sale
“Board”	the board of Directors of the Company
“Business Day”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and Public Holidays)
“Claire International”	Claire International Limited, a wholly owned subsidiary of the Company
“Company”	Water Oasis Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition upon the terms and subject to the conditions set out in the Particulars and Conditions of Sale
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Particulars and Conditions of Sale”	the Particulars and Conditions of Sale together with the form of tender in respect of the sale and purchase of the Property by public tender
“Property”	the piece or parcel of ground known and registered in the Land Registry as Section C of Inland Lot No. 127 together with the messuages erections and buildings thereon now known as No. 18 Cochrane Street, Hong Kong

DEFINITIONS

“Purchaser”	Claire International
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Tung Sin Tan (formerly known as Tung Sin Tan Limited), a charity organisation in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Wong Lung Tak, Patrick, J.P.
Wong Chun Nam
Wong Chi Keung

Head Office and Principal

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

4 February 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

INTRODUCTION

On 21 January 2008, the Board announced that, Claire International, a wholly-owned subsidiary of the Company, acquired the Property situated at No.18 Cochrane Street, Hong Kong at a consideration of HK\$78,000,000 by way of public tender. The Completion of the Acquisition is subject to the terms and conditions set out in the Particulars and Conditions of Sale.

As the applicable percentage ratios in respect of the Acquisition are greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the Acquisition 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 in respect of the Acquisition.

LETTER FROM THE BOARD

DETAILS OF THE ACQUISITION

On 10 January 2008, Claire International submitted a tender for the acquisition of the Property at a consideration of HK\$78,000,000. The tender constituted a binding offer on the part of Claire International. The Vendor confirmed its acceptance of Claire International's offer in writing on 16 January 2008. The Completion of the Acquisition is subject to the terms and conditions set out in the Particulars and Conditions of Sale as follows:

(1) Date

Tender Closing Date: 10 January 2008

Date of Acceptance of the Tender by the Vendor: 16 January 2008

(2) Parties

Vendor: Tung Sin Tan, a charity organisation in Hong Kong

The Company confirmed that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Tung Sin Tan and its ultimate beneficial owner are third parties independent of the Company and its connected persons. The Company further confirmed that the Company has no other prior transaction (other than the Acquisition) with the Vendor which would require to be aggregated with the Acquisition under Listing Rule 14.22

Purchaser: Claire International

(3) Property

The Property is the piece or parcel of ground known and registered in the Land Registry as Section C of Inland Lot No. 127 together with the messuages erections and buildings thereon now known as No. 18 Cochrane Street, Hong Kong.

(4) Consideration and Payment Terms

The purchase price for the Property, also the book value thereof, is HK\$78,000,000 which is payable as follows:

- (a) HK\$3,000,000 has already been paid by Claire International as initial deposit on 10 January 2008 upon its submission of the tender in respect of the Property;
- (b) HK\$4,800,000 has already been paid by Claire International as further deposit upon signing of the Memorandum of Agreement on 21 January 2008; and
- (c) The balance of the consideration in the sum of HK\$70,200,000 shall be paid by Claire International upon Completion on or before 1 April 2008.

LETTER FROM THE BOARD

The Company, having (i) made reference to the recent sale prices of non-residential premises in the vicinity in the Central District; (ii) taken into account the recent growth in the property market in Hong Kong and (iii) considered the fact that the Property constitutes the whole building and thus by acquiring the Property, the Company would have exclusive use of the whole building which is rare in the Central District, considered the consideration of HK\$78,000,000 to be fair and reasonable.

(5) Existing Tenancies of the Property

The Property is sold to Claire International with the seven existing tenancies in respect of the Property, five of which will expire on 31 January 2009, one of which will expire on 19 September 2009 and one of which will expire on 31 January 2010. The aggregate monthly rental of all the seven existing tenancies amounts to HK\$114,800 and based on the information available to the Company, as six tenancies were entered into on 1 February 2007 and one on 20 September 2006, the respective net profits generated from the Property in the preceding financial year ended 30 September 2007 and the 11 days from 20 to 30 September 2006 inclusive are estimated to be in the region of HK0.96 million and HK\$4,033.

(6) Completion

Completion shall take place on or before 1 April 2008.

REASONS FOR THE ACQUISITION

The Group is a skin-care and beauty group with exclusive distribution rights to the ~H₂O+ brand skin-care product range in Mainland China, Hong Kong, Macau, Taiwan and Singapore as well as exclusive distribution right to the global brand Neutrogena skin-care products at department store counters in Mainland China. It also operates spa and beauty centres in Hong Kong under the brand names of “Oasis Spa”, “Oasis Beauty”, “Aqua Beauty” and “Oasis Homme”, which offer a great variety of massage and beauty services.

The Property will be held by the Group as a flagship offering a full spectrum of comprehensive beauty and related services to our customers at Central District, being the prime location in Hong Kong. The Directors (including the independent non-executive directors) are of the view that the Acquisition was in the interest of the Group and the terms of the Acquisition were on normal commercial terms, which were fair and reasonable and in the interests of the Shareholders as a whole. The Directors have compared the market value of the properties nearby to arrive at the conclusion that the consideration of the Property is fair and reasonable.

LETTER FROM THE BOARD

FINANCIAL EFFECTS ON THE GROUP

The Acquisition will be financed by a combination of internal resources of the Group and external mortgage loans from bank in a ratio which has yet to be determined by the Company as at the Latest Practicable Date. The Directors however believe that the amount of external mortgage loans will not exceed 70% of the total consideration.

The Directors are of the view that the Acquisition will have no material impact on the earnings of the Group.

As the Property is intended for the Group's own retail shop uses as a flagship offering beauty and related services, the Property will be included in the consolidated balance sheet of the Company as a non-current asset following Completion. The Directors consider that the Acquisition will not have any material impact on the net assets of the Group as there will be a corresponding decrease in the cash balance of the Group with an increase in both current and non-current liabilities representing the relevant mortgage loans. The Directors are of the view that the Acquisition will have no material impact on the assets and liabilities of the Group.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

By Order of the Board
WATER OASIS GROUP LIMITED
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 the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which 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 they were taken or deemed to have been taken under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") 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	Number and class of Shares			Other interests	Total	Percentage of shareholding
				Corporate interests	Family interests				
Yu Lai Si	The Company	Beneficial owner	80,356,880 ordinary	-	-	-	80,356,880 ordinary (Note 1)	22.5%	
	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	1,500,000 ordinary	-	2,480,000 ordinary (Note 2)	77,666,880 ordinary (Note 3)	81,646,880 ordinary (Note 4)	22.9%	
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non voting deferred	-	165,000 non voting deferred	-	330,000 non voting deferred	-	
Yu Lai Chu, Eileen	The Company	Beneficial owner and interest of a controlled corporation	2,480,000 ordinary	-	1,500,000 ordinary (Note 5)	77,666,880 ordinary (Note 3)	81,646,880 ordinary (Note 6)	22.9%	
	Water Oasis Company Limited	Beneficial owner and interest of spouse	165,000 non voting deferred	-	165,000 non voting deferred	-	330,000 non voting deferred	-	

Name of Director	The Company/ name of associated corporation	Capacity	Personal interests	Number and class of Shares			Other interests	Total	Percentage of shareholding
				Corporate interests	Family interests				
Yu Kam Shui, Erastus	The Company	Beneficial owner and interest of spouse	500,000 ordinary	-	1,500,000 ordinary (Note 7)	-	2,000,000 ordinary (Note 8)	0.6%	
Lai Yin Ping	The Company	Beneficial owner and interest of spouse	1,500,000 ordinary	-	500,000 ordinary (Note 9)	-	2,000,000 ordinary (Note 10)	0.6%	
Wong Lung Tak, Patrick, J.P.	The Company	Beneficial owner	600,000 ordinary	-	-	-	600,000 ordinary	0.2%	
Wong Chun Nam	The Company	Beneficial owner	600,000 ordinary	-	-	-	600,000 ordinary	0.2%	

Notes:

- In addition to the 80,356,880 Shares disclosed herein, Yu Lai Si holds 3,000,000 share options which are granted pursuant to the Company's share option scheme adopted on 23 January 2002 at HK\$1.00, and exercisable from 3 May 2004 to 31 January 2009 at the exercise price of HK\$0.42.
- These Shares are registered in the name of Yu Lai Chu, Eileen, the wife of Tam Chie Sang.
- These Shares are registered in the name of Zinna Group Limited, a company incorporated in Hong Kong. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, a British Virgin Islands company which is 51% owned by Tam Chie Sang and 49% owned by his spouse Yu Lai Chu, Eileen, both are Directors of the Company.
- In addition to the 81,646,880 Shares disclosed herein, Tam Chie Sang holds 1,500,000 share options which are granted pursuant to the Company's share option scheme adopted on 23 January 2002 at HK\$1.00, and exercisable from 3 May 2004 to 31 January 2009 at the exercise price of HK\$0.42.
- These Shares are registered in the name of Tam Chie Sang, the husband of Yu Lai Chu, Eileen.
- In addition to the 81,646,880 Shares disclosed herein, Yu Lai Chu, Eileen holds 500,000 share options which are granted pursuant to the Company's share option scheme adopted on 23 January 2002 at HK\$1.00, and exercisable from 3 May 2004 to 31 January 2009 at the exercise price of HK\$0.42.
- These shares are registered in the name of Lai Yin Ping, the wife of Yu Kam Shui, Erastus.
- In addition to the 2,000,000 Shares disclosed herein, Yu Kam Shui, Erastus holds 1,500,000 shares options which are granted pursuant to the Company's share option scheme adopted on 23 January 2002 at HK\$1.00, and exercisable from 3 May 2004 to 31 January 2009 at the exercise price of HK\$0.42.
- These shares are registered in the name of Yu Kam Shui, Erastus, the husband of Lai Yin Ping.
- In addition to the 2,000,000 Shares disclosed herein, Lai Yin Ping holds 1,500,000 shares options which are granted pursuant to the Company's share option scheme adopted on 23 January 2002 at HK\$1.00, and exercisable from 3 May 2004 to 31 January 2009 at the exercise price of HK\$0.42.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which 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 they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than the Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% 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 or had any option in respect of such capital:

Name of Shareholder	Capacity	Long position/ Short position	Number of Shares held	Percentage of shareholding
Zinna Group Limited (Note 1)	Interest of a controlled corporation	Long Position	77,666,880	21.8%
Advance Favour Holdings Limited (Note 2)	Interest of a controlled corporation	Long Position	38,833,440	10.9%
Billion Well Holdings Limited (Note 3)	Interest of a controlled corporation	Long Position	38,833,440	10.9%

Notes:

1. Zinna Group Limited is a Hong Kong Company. All of its voting rights are held by Royalion Worldwide Limited, a British Virgin Islands company, which is 51% owned by Tam Chie Sang and 49% owned by his spouse, Yu Lai Chu, Eileen, both are Directors of the Company.
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 above, as the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, no other person (not being the Director or the chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% 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 or had any option in respect of such capital.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed services contracts with the Company or any member of the Group which does not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of Directors or their respective associates (as defined under the Listing Rules) had any interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group.

7. MISCELLANEOUS

- (a) The qualified accountant and secretary of the Company is Ms. Mo Yuen Yee, Shirley, FCCA, FCPA.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The head office and the principal place of business of the Company is at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
- (d) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.