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If you have sold or transferred all your shares in Water Oasis Group Limited (the “Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or 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

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WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

**RENEWAL OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME**

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held on Friday, 24th February, 2012 at 10:00 a.m. at Drawing Room, M/F, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong is set out on pages 24 to 27 of this circular. Whether or not you are able to attend the annual general meeting, 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 annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

11th January, 2012

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DEFINITIONS

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

“Adoption Date”	24th February, 2012, the date on which the New Share Option Scheme is conditionally adopted by Shareholders in general meeting;
“AGM”	the annual general meeting of the Company to be held on Friday, 24th February, 2012 at 10:00 a.m. at Drawing Room, M/F, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 24 to 27 of this circular;
“Articles”	the Articles of Association of the Company;
“associates”	has the same meaning as defined in the Listing Rules;
“Board”	the Board of Directors;
“Company”	Water Oasis Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“Directors”	the directors of the Company;
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 23rd January, 2002;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 9 in the AGM Notice;
“Latest Practicable Date”	6th January, 2012, 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;

DEFINITIONS

“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular, and as amended from time to time;
“Option”	an option to subscribe for Shares pursuant to the New Share Option Scheme and for the time being subsisting;
“Participants”	any executive or non-executive directors of the Group, any executives and full-time employees of the Group, any part time employees with weekly working hours of 10 hours and above of the Group, any advisors (professional or otherwise), consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters, service providers to the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares set out as resolution no. 10 in the AGM Notice;
“SFO”	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong;
“Share(s)”	ordinary shares of HK\$0.1 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



Water Oasis Group

奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

Executive Directors:

YU Lai Si *Chief Executive Officer*

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, B.B.S., J.P.

WONG Chun Nam, Duffy, J.P.

WONG Chi Keung

Head Office and

Principal Place of Business:

18th Floor, World Trade Centre

280 Gloucester Road

Causeway Bay

Hong Kong

11th January, 2012

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME**

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you information in respect of the ordinary resolutions to approve (i) the proposed Issue Mandate and the proposed Repurchase Mandate; (ii) the extension of the Issue Mandate; (iii) the re-election of retiring directors; and (iv) the proposed adoption of the New Share Option Scheme, and to give you notice of the AGM.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES

Ordinary resolutions will be proposed at the AGM to grant to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM).

The Directors have no present intention to exercise the Issue Mandate or the Repurchase Mandate (if granted to the Directors at the AGM).

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

RE-ELECTION OF DIRECTORS

At the AGM, ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Ms. Yu Lai Chu, Eileen, Mr. Yu Kam Shui, Erastus, Ms. Yu Lai Si and Ms. Lai Yin Ping as executive directors. Pursuant to Rule 13.74 of the Listing Rules, details of Ms. Yu Lai Chu, Eileen, Mr. Yu Kam Shui, Erastus, Ms. Yu Lai Si and Ms. Lai Yin Ping are set out in Appendix II to this circular.

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME

The Company has adopted the Existing Share Option Scheme on 23rd January, 2002, pursuant to which the Directors were authorised to grant options to subscribe for Shares to, inter alia, its director or employee of the Company or its subsidiaries during the ten years period from 23rd January, 2002.

The Board prepares to seek the approval of the Shareholders of the New Share Option Scheme so that Options may be granted to Participants pursuant to the terms thereof. The purpose of the New Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The rules of the New Share Option Scheme provide that the Company may specify the Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The subscription price will be determined by the Board subject to the requirement of the Listing Rules. The Board may also at its discretion include in an offer of the Grant of an Option such terms including (i) the minimum period for which an Option must be held and/or minimum performance targets that must be reached before it can be exercised; and/or (ii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. The Directors consider that such rules supplement the existing framework with appropriate flexibility to enable the Company to grant Options on terms that promote the alignment of interests of the Participants (as a potential stakeholder in the Company) and that of the Company.

A resolution will be proposed at the AGM for the Board to grant Options under the New Share Option Scheme for the subscription of not more than 10% of the entire issued capital of the Company (excluding, for this purpose, Options which have lapsed in accordance with the terms of any other share option scheme of the Group, and the outstanding Options granted and yet to be exercised pursuant to the Existing Share Option Scheme) as at the date of the passing of the relevant resolution.

As at the Latest Practicable Date, there were 763,952,764 Shares in issue and there was no option outstanding under the Existing Share Option Scheme. The total number of Shares that may fall to be allotted and issued upon exercise in full of the options that may be granted under the Existing Share Option Scheme and the New Share Option Scheme after the resolution authorising the Directors to allot and issue up to 10% of the issued share capital of the Company has passed at the AGM would be 76,395,276 Shares, which is within the overall limit of 30% prescribed under Rule 17.03(3) of the Listing Rules.

The Directors do not consider it appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing by the shareholders of the Company in general meeting of an ordinary resolution to approve the adoption of the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under the New Share Option Scheme.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in such trustee, if any.

Application will be made to the Listing Committee of the Stock Exchange for granting the approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at 18th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held on Friday, 24th February, 2012 at 10:00 a.m. at Drawing Room, M/F, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong is set out on pages 24 to 27 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein. To the extent that the Company is aware having made all reasonable enquiries, no Shareholder has a material interest in the adoption of the New Share Option Scheme. Therefore, no Shareholder is required to abstain from voting at the AGM in respect of the resolution to approve the same.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, 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 AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

VOTING BY POLL

As required under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the meeting will demand for a poll for all resolutions put forward at the forthcoming AGM to be held on Friday, 24th February, 2012.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate, the re-election of retiring directors and the proposed adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders to vote in favour of the relevant resolutions as set out in the AGM Notice at the forthcoming AGM.

LETTER FROM THE BOARD

GENERAL

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonably enquiries, confirm to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

Yours faithfully,

YU Lai Si

Executive Director and Chief Executive Officer

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution in a general meeting, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

2. FUNDING OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands. As compared with the financial position of the Company as at 30th September, 2011 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 763,952,764 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Directors would be authorised to exercise the powers of the Company to repurchase a maximum of 76,395,276 Shares.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and in accordance with the memorandum and articles of association of the Company.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert (as that term is defined in the Takeovers Code), depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the substantial shareholders having interests in 10% or more of the issued share capital of the Company were:

Name of Shareholder	Number of Shares held	Approximate % shareholding	
		As at the Latest Practicable Date	If Repurchase Mandate is exercised in full
Yu Lai Si	167,683,760	21.9%	24.4%
Zinna Group Limited (<i>Note 1</i>)	155,333,760	20.3%	22.6%
Advance Favour Holdings Limited (<i>Note 2</i>)	77,666,880	10.2%	11.3%
Billion Well Holdings Limited (<i>Note 3</i>)	77,666,880	10.2%	11.3%

Notes:

1. Zinna Group Limited is a company incorporated in Hong Kong. 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.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the interests of each of the above Shareholders in the Company would be increased to approximately the percentages as set out opposite their respective names in the table above. The Directors believe that such increase may give rise to an obligation on the part of Yu Lai Si and Zinna Group Limited to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors do not intend to exercise the power to repurchase Shares to an extent which would render the aforesaid Shareholders or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Repurchase Mandate will not result in less than 25% of the issued share capital of the Company, being the minimum prescribed public float requirement under the Listing Rules, being held in the hands of the public.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is granted, to sell Shares to the Company. No connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) during the six months ended on the Latest Practicable Date.

9. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Shares	Lowest <i>HK\$</i>
2011			
January	1.280		1.200
February	1.270		1.070
March	1.290		1.030
April	1.150		1.050
May	1.150		1.030
June	1.140		0.900
July	1.100		0.900
August	0.960		0.720
September	0.810		0.500
October	0.800		0.510
November	0.750		0.610
December	1.260		0.640
2012			
January (till the Latest Practicable Date)	1.430		1.190

The biographical details of the Directors proposed to be re-elected at the Annual General Meeting are set out as follows:

Ms. Yu Lai Chu, Eileen

Ms. Yu Lai Chu, Eileen (“Mrs. Tam”), aged 59, is one of the founders of the Group. Mrs. Tam started her own realty agency business in 1984 and she managed a retail jewellery chain with Mr. Tam Chie Sang. In 1993, she entered into the cosmetic and skin-care market. Mrs. Tam, Mr. Tam Chie Sang and Ms. Yu Lai Si acted as the sole distributing agent of a number of well-known international brands of cosmetics. She is primarily responsible for the business development of the Group with particular emphasis on the spa business.

Mrs. Tam is also a director of Zinna Group Limited, a substantial shareholder (as that term is defined in the Listing Rules) of the Company, and a director of all the subsidiaries of the Company except five of the subsidiaries. Mrs. Tam does not hold and has not held, in the last 3 years, any directorships in other listed public companies. As at the Latest Practicable Date, Mrs. Tam is interested in 161,293,760 Shares within the meaning of Part XV of the SFO, representing approximately 21.1% of the issued share capital of the Company.

Mrs. Tam is the wife of Mr. Tam Chie Sang, an executive director of the Company and sister of Ms. Yu Lai Si, Mr. Yu Kam Shui, Erastus and sister-in-law of Ms. Lai Yin Ping, executive directors of the Company, and mother of Mr. Tam Siu Kei, Alan, one of the senior management of the Group. Ms. Lai Yin Ling is the sister of Ms. Lai Yin Ping, who is deemed to be a substantial shareholder of the Company by virtue of her being the shareholder of Advance Favour Holdings Limited and Billion Well Holdings Limited. Save as disclosed herein, she does not have any relationships with any other directors, senior management or substantial or controlling Shareholders of the Company.

The Company and Mrs. Tam entered into a service contract on 2nd January, 2002 in relation to Mrs. Tam’s appointment as an executive director. Mrs. Tam’s appointment shall be deemed to have commenced on 1st October, 2001 for a period of 3 years and shall continue thereafter unless and until terminated in accordance with the terms of her service contract or by either party giving to the other not less than 3 calendar months’ prior notice in writing. Pursuant to the service contract, Mrs. Tam is entitled to receive a director’s emolument of HK\$897,000 per annum (including basic salaries, housing allowances, other allowances and benefits-in-kinds payable to her as director’s emolument from any company within the Group). Mrs. Tam’s emolument is determined by reference to her qualifications, experience, work performance as well as market benchmarks and are subject to annual review by the Board by reference to market benchmarks.

Mr. Yu Kam Shui, Erastus

Mr. Yu Kam Shui, Erastus (“Mr. Yu”), aged 61, is one of the founders of the Group and the founder of the Group’s Taiwan operations. He holds a Bachelor’s Degree in Business Administration from the University of Hawaii. Mr. Yu started his career in trading in the United States in 1993. In 1999, he set up Water Babe Company Limited, through which the Group’s Taiwan operations are run and is the managing director of that company. Mr. Yu is primarily responsible for the business development of the Group.

Mr. Yu is also a director of all the subsidiaries of the Company except five of the subsidiaries. Mr. Yu does not hold and has not held, in the last 3 years, any directorships in other listed public companies. As at the Latest Practicable Date, Mr. Yu is interested in 8,000,000 Shares within the meaning of Part XV of the SFO, representing approximately 1.0% of the issued share capital of the Company.

Mr. Yu is the husband of Ms. Lai Yin Ping, an executive director of the Company and brother of Ms. Yu Lai Si, Ms. Yu Lai Chu, Eileen, executive directors of the Company and brother-in-law of Mr. Tam Chie Sang, executive director of the Company and Ms. Lai Yin Ling who is deemed to be a substantial shareholder of the Company by virtue of her being the shareholder of Advance Favour Holdings Limited and Billion Well Holdings Limited, and uncle of Mr. Tam Siu Kei, Alan, one of the senior management of the Group. Save as disclosed herein, he does not have any relationships with any other directors, senior management or substantial or controlling Shareholders of the Company.

The Company and Mr. Yu entered into a service contract on 2nd January, 2002 in relation to Mr. Yu's appointment as an executive director. Mr. Yu's appointment shall be deemed to have commenced on 1st October, 2001 for a period of 3 years and shall continue thereafter unless and until terminated in accordance with the terms of his service contract or by either party giving to the other not less than 3 calendar months' prior notice in writing. Pursuant to the service contract, Mr. Yu is entitled to receive a director's emolument of HK\$897,000 per annum (including basic salaries, housing allowances, other allowances and benefits-in-kinds payable to him as director's emolument from any company within the Group). Mr. Yu's emolument is determined by reference to his qualifications, experience, work performance as well as market benchmarks and are subject to annual review by the Board by reference to market benchmarks.

Ms. Yu Lai Si

Ms. Yu Lai Si ("Ms. Yu"), aged 50, is one of the founders and is the chief executive officer of the Group. Ms. Yu holds a Bachelor's Degree in Business Administration. She started her career in the services industry and then moved to the advertising industry. In 1993, she set up her own distribution business and acted as the sole distributing agent of various well-known international brands of cosmetics and fashion labels. Ms. Yu is primarily responsible for corporate policy formulation, business strategy planning, business development and the overall management of the Group.

Ms. Yu is also a director of all the subsidiaries of the Company. Ms. Yu does not hold and has not held, in the last 3 years, any directorship in other listed public companies. As at the Latest Practicable Date, Ms. Yu is interested in 167,683,760 Shares within the meaning of Part XV of the SFO, representing approximately 21.9% of the issued share capital of the Company.

Ms. Yu is the sister of Ms. Yu Lai Chu, Eileen, Mr. Yu Kam Shui, Erastus and sister-in-law of Mr. Tam Chie Sang and Ms. Lai Yin Ping, executive directors of the Company, and aunt of Mr. Tam Siu Kei, Alan, one of the senior management of the Group. Ms. Lai Yin Ling is the sister of Ms. Lai Yin Ping, who is deemed to be a substantial shareholder of the Company by virtue of her being the shareholder of Advance Favour Holdings Limited and Billion Well Holdings Limited. Save as disclosed herein, she does not have any relationships with any other directors, senior management or substantial or controlling Shareholders of the Company.

The Company and Ms. Yu entered into a service contract on 2nd January, 2002 in relation to Ms. Yu's appointment as an executive director. Ms. Yu's appointment shall be deemed to have commenced on 1st October, 2001 for a period of 3 years and shall continue thereafter unless and until terminated in accordance with the terms of her service contract or by either party giving to the other not less than 3 calendar months' prior notice in writing. Pursuant to the service contract, Ms. Yu is entitled to receive a director's emolument of HK\$9,100,000 per annum (including basic salaries, housing allowances, other allowances and benefits-in-kinds payable to her as director's emolument from any company within the Group). Ms. Yu's emolument is determined by reference to her qualifications, experience, work performance as well as market benchmarks and are subject to annual review by the Board by reference to market benchmarks.

Ms. Lai Yin Ping

Ms. Lai Yin Ping ("Ms. Lai"), aged 56, is one of the founders of the Group. She holds a Bachelor's Degree in Arts with Economics as her major. Prior to founding the Group in May 1998, she co-founded a trading business with Mr. Yu Kam Shui, Erastus in the United States in 1993. Ms. Lai is primarily responsible for the strategic planning of the Group.

Ms. Lai is also a director of all the subsidiaries of the Company except five of the subsidiaries. Ms. Lai does not hold and has not held, in the last 3 years, any directorships in any other listed public companies. As at the Latest Practicable Date, Ms. Lai is interested in 8,000,000 Shares within the meaning of Part XV of the SFO, representing approximately 1.0% of the issued share capital of the Company.

Ms. Lai is the wife of Mr. Yu Kam Shui, Erastus, an executive director of the Company and sister-in-law of Ms. Yu Lai Si, Ms. Yu Lai Chu, Eileen and Mr. Tam Chie Sang, executive directors of the Company and aunt of Mr. Tam Siu Kei, Alan, one of the senior management of the Group. Ms. Lai Yin Ling is the sister of Ms. Lai, who is deemed to be a substantial shareholder of the Company by virtue of her being the shareholder of Advance Favour Holdings Limited and Billion Well Holdings Limited. Save as disclosed herein, she does not have any relationships with any other directors, senior management or substantial or controlling Shareholders of the Company.

The Company and Ms. Lai entered into a service contract on 2nd January, 2002 in relation to Ms. Lai's appointment as an executive director. Ms. Lai's appointment shall be deemed to have commenced on 1st October, 2001 for a period of 3 years and shall continue thereafter unless and until terminated in accordance with the terms of her service contract or by either party giving to the other not less than 3 calendar months' prior notice in writing. Pursuant to the service contract, Ms. Lai is entitled to receive a director's emolument of HK\$897,000 per annum (including basic salaries, housing allowances, other allowances and benefits-in-kinds payable to her as director's emolument from any company within the Group). Ms. Lai's emolument is determined by reference to her qualifications, experience, work performance as well as market benchmarks and are subject to annual review by the Board by reference to market benchmarks.

The Board is not aware of any other matters or information that need to be brought to the attention of Shareholders of the Company or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in relation to the proposed re-election of the aforesaid retiring Directors.

For the purpose of this appendix only, unless the context otherwise requires, the following words shall have the following meanings:

“Board”	the board of directors of the Company or a committee thereof appointed for the purpose of administering the New Share Option Scheme;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Date of Grant”	the date (which shall be a Business Day) on which the grant of an Option is made to (and subject to acceptance by) a Participant as determined in accordance with the New Share Option Scheme;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Offer”	the offer of the grant of an Option;
“Option Period”	in respect of any particular Option, a period of not exceeding ten (10) years to be notified by the Board to the Grantee, such period to commence on the Date of Grant or such later date as the Board may decide and expiring on the last day of the said period;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (d) below, subject to adjustment in accordance with the New Share Option Scheme; and
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere.

The following is a summary of the principal terms of the New Share Option Scheme:

(a) Purpose

The purpose of the New Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who May Join

The Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for 14 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the New Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Option shall be regarded as having been accepted when the Company receives from the Grantee the duplicate of the grant letter, comprising acceptance of the Offer, duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include among other things, (i) the minimum period for which an Option must be held and/or minimum performance targets that must be reached before it can be exercised; and/or (ii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. Unless otherwise provided at the discretion of the Board in accordance with the New Share Option Scheme, the right to exercise an Option is not subject to or conditional upon the achievement of any performance target.

(c) Grant of Options to Connected Persons or any of their Associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of the Company or any of the Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

(d) Subscription Price

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Date of Grant which must be a Business Day;

- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant; and
 - (iii) the nominal value of the Shares.
- (e) **Maximum Number of Shares**

- (i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company and/or any Subsidiary shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other options to be granted under any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted (and subject to acceptance) under the New Share Option Scheme and any other share option schemes of the Company and/or any Subsidiary (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or such other schemes of the Company and/or any Subsidiary and those that have been exercised) will not be counted for the purpose of calculating the limit as renewed.

- (ii) The Listing Rules provide that the Company may seek separate approval by its shareholders in general meeting for granting options beyond the Scheme Mandate Limit to specifically identified Participants in accordance with the provisions of the Listing Rules (which include the issue of circular containing information prescribed by the Listing Rules). Accordingly, if the prior approval of the shareholders of the Company in general meeting is obtained in accordance with the relevant procedural requirements of the Listing Rules, the Board may grant Options to such Participants in respect of such number of Shares and on such terms as may be specified in the said shareholders' approval, notwithstanding that such grant of Options will result in any of the Scheme Mandate Limit being exceeded.
- (iii) Subject to paragraph (iv) below, no Participant shall be granted an Option which, if accepted and exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and which may be issued upon exercise of all Options granted and to be granted to him, together with all options granted and to be granted to him under any other share option scheme(s) of the Company and/or any Subsidiary, within the 12-month period immediately preceding the proposed Date of Grant (including exercised, cancelled and outstanding options), would exceed 1% of the number of Shares in issue as at the proposed Date of Grant.

- (iv) If the prior approval of the shareholders of the Company in general meeting is obtained, in accordance with the relevant procedural requirements of the Listing Rules, at which meeting such Participant and his associates shall abstain from voting on the relevant resolution, the Board may grant options to such Participant in respect of such number of Shares and on such terms as may be specified in the said shareholders' approval, notwithstanding that such grant of options will result in the said 1% limit being exceeded.
- (v) The limit on the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company and/or any Subsidiary, must not exceed 30% of the number of issued Shares from time to time. No Options may be granted if such grant will result in the said 30% limit being exceeded. Options lapsed or cancelled in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 30% limit.

(f) Time of Exercise of Option

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period.

(g) Rights are Personal to Grantees

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing.

(h) Rights on Termination of Grantee's Relationship with the Company

In the event of the Grantee ceasing to be a director, employee, advisor, consultant, distributor, supplier, agent of, or in any relevant relationship with, the Company or any Subsidiary for any reason, other than his death or the termination of his directorship, employment, consultancy, distributorship, agency or relationship on one or more of the grounds specified in paragraph (r)(iv) below, then, the Option (to the extent not already exercised) shall lapse on the day immediately after the date of cessation of the directorship, employment, consultancy, distributorship, agency or relationship with the Company or the relevant Subsidiary, which date shall be the last actual day of his directorship, employment, consultancy, distributorship, agency or relationship with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable), or such later date following such date of cessation as the Board may determine. For the avoidance of doubt, where the Grantee is an employee (whether full time or part time) of the Company or the relevant Subsidiary, the last actual day of employment shall be the last day the Grantee physically attended work for the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not.

(i) Rights on Death

In the event of the Grantee ceasing to be a director, employee, advisor, consultant, distributor, supplier, agent of, or in any relevant relationship with, the Company or any Subsidiary by reason of death and none of the events which would be a ground for termination of his directorship, employment, consultancy, distributorship, agency or relationship specified in paragraph (r)(iv) below has occurred, then, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death.

(j) Effect of Alterations to Share Capital

Subject to paragraph (e) above, in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) whilst an Option remains outstanding in that it is granted and yet to be exercised (and has not lapsed or been cancelled), corresponding adjustments (if any) shall be made in:

- (i) the number of Shares subject to the New Share Option Scheme; and/or
- (ii) the number of Shares subject to outstanding Options; and/or
- (iii) the Subscription Price in relation to each outstanding Option; and/or
- (iv) the method of exercise of the Options,

provided that:

- (a) any such adjustments must give the Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was entitled immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value; and
- (b) notwithstanding paragraph (j)(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the Supplemental Guidance on Listing Rule 17.03(3) issued by the Stock Exchange on 5th September, 2005 and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

In respect of any adjustment required by this paragraph (j), other than any made on a capitalisation issue, an independent financial adviser or the Auditors must also confirm to the Board in writing that the adjustments satisfy the above proviso. The capacity and role of the independent financial adviser or the Auditors pursuant to this paragraph (j) is that of experts and not of arbitrators and their confirmation shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

(k) Rights on a General Offer by way of Takeover or by way of Scheme of Arrangement

If a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall, even though the Option Period has not yet commenced, be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

(l) Rights on Winding-up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (such notice to specify the record date for ascertaining entitlements to attend and vote at the proposed general meeting, together with a notice of the existence of the provisions of this paragraph (l)) and thereupon, each Grantee (or his legal personal representative(s)) shall, even if the Option Period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(m) Rights on a Compromise or Arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its members or creditors to convene a meeting for the purposes of considering, and if thought fit, approving such a compromise or arrangement, the Company shall on the same date as or soon after it despatches such notice to each member or creditor of the Company give notice thereof to all Grantees (such notice to specify the record date for ascertaining entitlements to attend and vote at the proposed meeting, together with a notice of the existence of the provisions of this paragraph (m)), and thereupon, each Grantee (or his legal personal

representative(s)) shall, even if the Option Period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the record date for ascertaining entitlements to attend and vote at the proposed meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(n) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

(o) Period of the New Share Option Scheme

The New Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. The Company may, by a resolution passed at a general meeting of its Shareholders or at a meeting of the Board, at any time terminate the operation of the New Share Option Scheme.

(p) Alterations to the New Share Option Scheme

Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrators of the New Share Option Scheme in relation to any alteration of the terms of the New Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(q) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (i) the passing by the shareholders of the Company in general meeting of an ordinary resolution to approve the adoption of the New Share Option Scheme; and

- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under the New Share Option Scheme.

(r) Lapse of Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period (subject to the provisions of the New Share Option Scheme);
- (ii) the expiry of the periods referred to in paragraphs (h), (i), (k) or (m) above respectively;
- (iii) subject to paragraph (l) above, the earliest of the close of business on the second Business Day prior to the record date for ascertaining entitlements to attend and vote at the general meeting referred to in paragraph (l) above or the date of commencement of the winding-up of the Company;
- (iv) the date on which the Grantee ceases to be a director, employee, advisor, consultant, distributor, supplier, agent of, or in any relevant relationship with, the Company or any Subsidiary by reason of the termination of his directorship, employment, consultancy, distributorship, agency or relationship on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal or party would be entitled to terminate his directorship, employment, consultancy, distributorship, agency or relationship at common law or pursuant to any applicable laws or under the Grantee's terms of office, service contract, consultancy, distributorship, agency or other agreement or arrangement with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the directorship, employment, consultancy, distributorship, agency or relationship with, a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph (r)(iv) or that one or more of the grounds specified in this paragraph (r)(iv) has arisen in respect of the directorship, employment, consultancy, distributorship, agency or relationship with, a Grantee shall be conclusive and binding on the Grantee and, where appropriate, the Grantee's legal personal representative(s);
- (v) the date on which the Grantee ceases to be a director, employee, advisor, consultant, distributor, supplier, agent of, or in any relevant relationship with, the Company or any Subsidiary by reason of the termination of his directorship, employment, consultancy, distributorship, agency or relationship on any one or more of the grounds that he has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally;

- (vi) the date on which the Grantee ceases to be a director, employee, advisor, consultant, distributor, supplier, agent of, or in any relevant relationship with, the Company or any Subsidiary for any reason other than death if the Option Period has not then commenced and for the purposes of this paragraph (r)(vi) the day immediately after the date of cessation shall be the last actual day of directorship, employment, consultancy, distributorship, agency or relationship with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable). For the avoidance of doubt, where the Grantee is an employee (whether full time or part time) of the Company or the relevant Subsidiary, the last actual day of employment shall be the last day the Grantee physically attended work for the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not; or
- (vii) where the Grantee commits a breach of paragraph (g) above, the date on which the Board shall exercise the Company's right to cancel the Option.

(s) Termination of the New Share Option Scheme

The Company by resolution passed at a general meeting of its Shareholders or at a meeting of the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be granted or accepted but the provisions of the New Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

(t) Restriction on Grant of Option

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or in such other manner as prescribed by the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

(u) Cancellation

The Board may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within each of the 10% limits as referred to in paragraph (e)(i) above.

(v) Redemption of Options after Exercise

During the option period, and upon receipt of a notice to exercise Options, the Company may at its sole discretion elect to cancel such Option being exercised and instead of issuing new Shares to the Grantee, pay to the Grantee:

- (a) a refund of the subscription price received by the Company from the Grantee with the notice of exercise of the Option; and
- (b) a cash compensation to be calculated by reference to the following formula:

$$(A \times B) - C$$

where

- A is the number of Shares that would have been issued on exercise of the Option (the “Applicable Shares”);
- B is the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date the Company receives notice of exercise of the Option; and
- C is the aggregate subscription price for the Applicable Shares,

Once the refund and cash compensation is made, the Grantee shall have no other claim against the Company and shall waive such claims with any Option so cancelled.

Any payment made by the Company in accordance with paragraph (b) above shall be charged to its retained profits or otherwise dealt with in accordance with applicable laws and the generally accepted accounting principles in force at the time of such payment.

(w) Present Status of the New Share Option Scheme

As at the date of this circular, no Option has been granted or agreed to be granted pursuant to the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



Water Oasis Group

奧 思 集 團

WATER OASIS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1161)

NOTICE IS HEREBY GIVEN that an annual general meeting (the “Meeting”) of Water Oasis Group Limited (the “Company”) will be held on Friday, 24th February, 2012 at 10:00 a.m. at Drawing Room, M/F, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and reports of the directors and independent auditor of the Company and its subsidiaries for the year ended 30th September, 2011.
2. To declare a final dividend for the year ended 30th September, 2011.
3. To re-elect Ms. Yu Lai Chu, Eileen as executive director of the Company.
4. To re-elect Mr. Yu Kam Shui, Erastus as executive director of the Company.
5. To re-elect Ms. Yu Lai Si as executive director of the Company.
6. To re-elect Ms. Lai Yin Ping as executive director of the Company.
7. To determine the directors’ emolument for their services and to authorise the Board of Directors to fix the directors’ emolument.
8. To re-appoint Deloitte Touche Tohmatsu as auditor and to authorise the Board of Directors to fix their remuneration.

ORDINARY RESOLUTIONS

9. **“THAT:**
 - (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the existing share option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company; or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in the Company in lieu of the whole or part of a dividend in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this resolution and the said approval shall be limited accordingly; and

(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

10. **“THAT:**

(A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- 11. “**THAT** conditional upon the passing of ordinary resolution nos. 9 and 10 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 10 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the said ordinary resolution no. 9.”
- 12. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting the approval of the listing of, and permission to deal in, the shares of the Company which fall to be allotted and issued pursuant to the exercise of options granted under the proposed share option scheme of the Company (the “New Share Option Scheme”) (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification), the rules of the New Share Option Scheme be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the New Share Option Scheme.”

By Order of the Board
MO Yuen Yee
Company Secretary

Hong Kong, 11th January, 2012

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting 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 Meeting. 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 of Directors) 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 Meeting 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 Meeting 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 Meeting or any adjournment thereof in cases where the Meeting 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 Meeting, 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 Meeting, 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 Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against Ordinary Resolutions 9 to 12 as set out in this notice will be sent to members of the Company together with the Company's 2011 Annual Report.
8. For determining the entitlement to attend and vote at the Meeting, the Register of Members of the Company will be closed from Wednesday, 22nd February, 2012 to Friday, 24th February, 2012, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, whose share registration public offices are located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21st February, 2012.
9. For determining the entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 1st March, 2012 to Friday, 2nd March, 2012, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, whose address of the share registration public offices is set out above for registration, not later than 4:30 p.m. on Wednesday, 29th February 2012.
10. A form of proxy for use at the Meeting is enclosed.