

wide- ranging business achievements

The Group has been highly active over the year, particularly since its listing in March, in expanding its presence into major cities in the PRC. Over recent months, the Group has established 23 ~H₂O+ retail outlets in prime department store locations and shopping malls in Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou & Shenyang, an energetic expansion that has gone well beyond the initial plans for 10 outlets outlined in the Prospectus. This retail expansion has been implemented in conjunction with the setting up of three administrative offices in Beijing, Shanghai and Shenzhen, employing around 100 staff.

Taiwan, too, has been the focus of careful expansion, with the opening of a further three ~H₂O+ outlets in well-known Taipei department stores since the Group's listing. By contrast, because of the less favourable Hong Kong environment, the Group has approached its plans to open additional outlets in Hong Kong with considerable caution. And any expansion will take place only once the best locations have been pinpointed and the most competitive rental deals negotiated.

