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The Board of Directors (the "Board") of Water Oasis Group Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 31st March, 2002. The unaudited consolidated results have been reviewed by the Company's Audit Committee.

The Group recorded turnover of HK\$153 million for the period under review. Profit attributable to shareholders reached HK\$10 million, a 61% decrease period-on-period. Revenues from the Hong Kong ~H₂O+ retail outlets were lower than expected due to challenging retail trading conditions, and revenue from China operations came on stream later than anticipated due to delays in the product registration process.

Despite the continued difficult operating environment in the first half of fiscal 2001/2002, the Group continued to be profitable and cash flow is strong. A 1.3 HK cents per share dividend has been declared and payable to shareholders.

BUSINESS REVIEW

~H₂O+ Retail Business

Hong Kong and Taiwan

Business prospects in the Hong Kong market remain flat or may even represent a slight downturn, and the research data on consumer confidence, retail spending, and unemployment indicate continued uncertainty. The Census and Statistics Department of the Hong Kong Government reported an 11.7% decrease in retail sales year-on-year from January 2001 to January 2002. Matched with the Hong Kong recorded-high and rising unemployment rate, consumer confidence remains low.

The Taiwan market holds ever-growing potential, although the recent water shortage which caused the suspension of some retail air-conditioning, has adversely affected sales. The Taiwan market is more elastic than the mature Hong Kong market and the Group is putting more resources against advertising and promotional activity to drive sales. Turnover in Taiwan is growing with profit after taxation increased by 48% as compared to the prior period.

China

The Group's expansion into the China market is proceeding rapidly. In mid-April 2002, the first ~H₂O+ retail outlet opened in Shanghai, and its initial sales results have outpaced the Group's expectations and industry norms in Shanghai.

The Spa Business

The Group's spa business results showed some signs of weakness in the period under review, due in part to the uncertain economic conditions and a resulting drop in spending from Hong Kong's middle income group. The Spa business is running at virtually breakeven, although signs from the April and May results are encouraging for the future.

OUTLOOK

In addition to addressing the challenges of the economic slowdown head-on, the Group's management has made solid progress against the business expansion objectives outlined in the Company's prospectus dated 27th February, 2002 (the "Prospectus") at the time of listing. Management has also uncovered additional ways to accelerate the Group's growth and capture more beauty sector market share. Some highlights include:

- In addition to the Shanghai ~H₂O+ retail outlet, more outlets are slated to open in major cities in China. Retail growth in China has been accelerated by the addition of prime locations within selected department stores;
- In order to capture the mass sector of the spa market, the Group has developed a new Oasis Beauty Centre concept, of which three locations are under construction now. Management expects them to begin contributing to the revenue stream shortly;
- In an exciting new development, the Group will reach the top end of the spa market by opening a prestigious Banyan Tree Spa in Hong Kong. Under the terms of the recently signed Memorandum of Understanding ("MOU"), the new spa will be owned by the Group and operated by the Banyan Tree Group;
- In a continuous effort to diversify the Group's business, the Group has introduced a line of health drinks since last year with satisfactory results. The Group is now sourcing a wider range of health supplement products as well as distributing channels.

~H₂O+ Retail Business

A key business objective identified in the Prospectus is the use of proceeds to help the Group rapidly expand its ~H₂O+ retail presence in China, with 10 new locations planned to open in the first 12 months after listing.

As noted in the Prospectus, one of the risk factors associated with the Group's expansion in China is the need to obtain relevant government approvals and licenses. Progress in securing the necessary product registrations was slower than anticipated. As a result, the opening schedule of new ~H₂O+ retail outlets was delayed, and the China retail business did not make as large a contribution to turnover as anticipated.

The approvals needed have now been secured, and in addition to the first ~H₂O+ retail outlets opened in Shanghai in April 2002, 3 more have been added in Beijing to date, with a total of 17 now planned for the calendar year 2002. Because of positive consumer response to the counters in department stores, the Group is rolling out its China retail presence more quickly than noted in the Prospectus.

The Spa Business

Management has made solid moves to ensure that the Group is now well positioned to drive revenue from all sectors of the spa and beauty business: top, middle, and mass sector consumers.

The MOU signed with the prestigious spa operator Banyan Tree to open locations in Hong Kong will allow the Group to capture the upper end of the market. In the Prospectus HK\$8 million was allocated for spa construction; it is these funds that will be used for the Banyan Tree in Hong Kong.

The Group's established Oasis Spa business services will continue to serve the middle segment of the market.

The Group will soon offer an option for the lower, mass sector of the market, with the launch of the new Oasis Beauty Centres. The Oasis Beauty Centre concept has been under test for more than nine months in Hong Kong inside ~H₂O+ retail locations, and the results have proven the business effectiveness of the concept before any significant capital expenditure is made. The Oasis Beauty Centres will offer a select range of treatments with high consumer demand, such as facials and slimming, as well as selling beauty products. The Oasis Beauty Centres offer a smaller range of treatments than what is available at the Oasis Spas, and they will also require less space and costs to operate.

PROSPECTS

The Group's prospects are positive, and Management is acting decisively to take advantage of new opportunities in the marketplace, as well as addressing weaknesses arising from external factors affecting the Group's performance. The difficult trading environment in the Group's two current markets of Hong Kong and Taiwan, as well as temporary delays in bringing revenue on stream from the China operations, are being offset by anticipated revenue from new initiatives and an even more aggressive rollout of retail locations than originally outlined in the Prospectus.

As a new member of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group is making good use of 2002 to build a foundation for future growth, even while experiencing a challenging retail environment. Management has successfully delivered strong progress against the objectives outlined in the Prospectus, and developed new lines of business using the Group's core brands as well as finding new partners and sales channels.

It is expected that the prospects for the coming years will remain bright, with continuing potential for further dividends and capital gains.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	Unaudited	
		Six months ended	
		31st March	
		2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	153,025	147,555
Other revenues	2	564	1,779
Cost of inventories sold		(41,911)	(34,558)
Other operating expenses		<u>(98,589)</u>	<u>(83,598)</u>
Operating profit	2, 3	13,089	31,178
Taxation	4	<u>(2,636)</u>	<u>(4,607)</u>
Profit after taxation		10,453	26,571
Minority interests		<u>(373)</u>	<u>(407)</u>
Profit attributable to shareholders		<u>10,080</u>	<u>26,164</u>
Dividends	5	<u>4,243</u>	<u>12,454</u>
Earnings per share			
– Basic	6	<u>3.6 cents</u>	<u>9.7 cents</u>
– Diluted	6	<u>3.6 cents</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 31st March 2002 <i>HK\$'000</i>	Audited As at 30th September 2001 <i>HK\$'000</i>
	<i>Note</i>		
Fixed assets		24,979	28,273
Rental deposits		10,467	10,121
Other investments	7	2,026	2,013
Current assets			
Inventories		18,855	18,682
Trading investments		432	410
Accounts receivable	8	14,149	8,446
Prepayments		14,204	13,353
Other deposits and receivables		6,165	3,755
Taxation recoverable		3,017	-
Bank balances and cash		105,325	63,274
		162,147	107,920
Current liabilities			
Accounts payable	9	2,804	7,178
Accruals and other payables		13,866	8,489
Receipts in advance		11,458	10,637
Taxation payable		658	13,756
		28,786	40,060
Net current assets		133,361	67,860
Total assets less current liabilities		170,833	108,267
Financed by:			
Share capital	10	32,640	26,928
Reserves	11	130,683	78,729
Proposed interim dividend	11	4,243	-
		167,566	105,657
Shareholders' funds		167,566	105,657
Minority interests		3,267	2,610
		170,833	108,267

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 31st March	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	6,405	28,589
Net cash inflow/(outflow) from returns on investments and servicing of finance	406	(19,897)
Taxation paid	(18,751)	(14,395)
Net cash outflow from investing activities	(1,357)	(6,575)
Net cash inflow from financing	55,109	425
Increase/(decrease) in cash and cash equivalents	41,812	(11,853)
Cash and cash equivalents at 1st October	63,274	76,455
Effect of foreign exchange rate changes	239	(514)
Cash and cash equivalents at 31st March	<u>105,325</u>	<u>64,088</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>105,325</u>	<u>64,088</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Unaudited Six months ended 31st March	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange differences arising on translation of a subsidiary	<u>239</u>	(613)
Gain/(Loss) not recognised in the profit and loss account	239	(613)
Profit attributable to shareholders	<u>10,080</u>	26,164
Total recognised gains	<u>10,319</u>	<u>25,551</u>

NOTES TO CONDENSED CONSOLIDATED ACCOUNTS

1. Basis of preparation and principal accounting policies

These unaudited consolidated condensed interim accounts ("Interim Accounts") have been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The same accounting policies adopted in the accountants' report as disclosed in the Prospectus have been applied to the Interim Accounts, except that the Group has adopted the following new and revised SSAPs which became effective for accounting periods commencing on or after 1st January, 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 26	:	Segment reporting

The major changes to the Group's accounting policies and the major effects of adopting these new policies are set out below:

SSAP 9 (revised): In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively. As detailed in Note 11 to the Interim Accounts, retained earnings at 1st October, 2000 have increased by HK\$8,910,000 by the reversal of the provision for the 2000 proposed final dividend previously recorded as a liability as at 30th September, 2000 although not declared until after the balance sheet date.

SSAP 26: In Note 2 to the Interim Accounts, the Group had disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format. Comparative information has been given.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27th September, 2001 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

On 23rd January, 2002, pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the companies comprising the Group. Details of the Reorganisation are set out in the Prospectus.

The Company was listed on the Main Board of the Stock Exchange on 11th March, 2002.

The Group resulting from the Reorganisation is regarded as a continuing entity, and accordingly, the consolidated accounts have been prepared for on the basis of merger accounting. The Interim Accounts have been prepared as if the current group structure had been in existence throughout the six month periods ended 31st March, 2002 and 2001, rather than from the date on which the Reorganisation was completed.

2. Segment information

The Group is principally engaged in the retail sales of skin-care products, provision of beauty salon, spa and other related services. An analysis of the Group's turnover and contribution to operating profit for the period by principal activities and geographical locations is as follows:

	Turnover		Contribution to operating profit	
	Six months ended		Six months ended	
	31st March		31st March	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By principal activities:				
Retail sales of skin-care products	142,480	131,810	29,188	36,864
Provision of beauty-salon, spa and other related services	10,545	15,745	(265)	2,911
	<u>153,025</u>	<u>147,555</u>	<u>28,923</u>	<u>39,775</u>
Other revenues			564	1,779
Unallocated corporate expenses			(16,398)	(10,376)
Operating profit			<u>13,089</u>	<u>31,178</u>
By geographical locations:				
Hong Kong and Macau	103,903	120,656	25,288	37,333
Taiwan	49,122	26,899	3,635	2,442
	<u>153,025</u>	<u>147,555</u>	<u>28,923</u>	<u>39,775</u>
Other revenues			564	1,779
Unallocated corporate expenses			(16,398)	(10,376)
Operating profit			<u>13,089</u>	<u>31,178</u>

3. Operating profit

Operating profit is stated after charging the following:

	Six months ended 31st March	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	4,599	4,309
Operating leases rentals on land and buildings	32,893	24,441
Unrealised loss on trading investments	-	1,222
Loss on disposals of fixed assets	52	220
	<u>52</u>	<u>220</u>

4. Taxation

	Six months ended 31st March	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	1,329	3,986
Overseas taxation	1,248	621
Under provision in prior years	59	-
	<u>59</u>	<u>-</u>
	<u>2,636</u>	<u>4,607</u>

Hong Kong profits tax has been provided for the period at the rate of 16% on the estimated assessable profit, after setting off available tax losses brought forward from prior year. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

5. Dividends

At the Board meeting held on 17th June, 2002, the directors declared an interim dividend of 1.3 HK cents per share. This proposed interim dividend is not reflected as a dividend payable in the Interim Accounts, but will be reflected as an appropriation of retained profits for the year ending 30th September, 2002.

The Company was not yet incorporated as at 31st March, 2001. Dividend paid during the six months ended 31st March, 2001 represented interim dividend paid by the relevant subsidiaries of the Group to their then shareholders outside the Group.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK\$10,080,000 (2001: HK\$26,164,000) and the weighted average number of 276,812,308 (2001: 269,280,000) ordinary shares in issued during the six months ended 31st March, 2002. In determining the number of shares in issue, a total of 269,280,000 shares issued on the establishment of the Company and the Reorganisation of the Group as mentioned in the Prospectus were deemed to be issued since 1st October, 2000.

The diluted earnings per share is based on 276,852,252 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 39,944 ordinary shares, assuming that all the outstanding share options had been exercised at the beginning of the period or at the date of grant of the options, if later. There were no dilutive potential ordinary shares in existence during the six months ended 31st March, 2001 and accordingly, no diluted earnings per share have been presented.

7. Pledged of assets

At 31st March, 2002, the Group did not pledge any assets (2001: pledged of other investments HK\$2,013,000) for bank guarantees given in respect of the operating leases of certain shop premises.

8. Accounts receivable

Details of the ageing analysis are as follows:

	As at 31st March 2002 HK\$'000	As at 30th September 2001 HK\$'000
0 to 30 days	14,016	6,322
31 days to 60 days	79	2,114
Over 60 days	54	10
	<u>14,149</u>	<u>8,446</u>

Credit terms generally range from 30 days to 60 days.

9. Accounts payable

Details of the ageing analysis are as follows:

	As at 31st March 2002 HK\$'000	As at 30th September 2001 HK\$'000
0 to 30 days	<u>2,804</u>	<u>7,178</u>

10. Share capital

	Authorised ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1st October, 2001	3,800,000	380,000
Increase in authorized ordinary share capital	996,200,000	99,620,000
	<u>1,000,000,000</u>	<u>100,000,000</u>

	Issued and fully paid ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31st March, 2002	326,400,000	32,640,000

The Company was incorporated with an authorised share capital of HK\$380,000 divided into 3,800,000 shares with a nominal value of HK\$0.1 each. On 15th October, 2001, one share of HK\$0.1 in the capital of the Company was allotted and issued at par.

On 23rd January, 2002, the authorized share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 996,200,000 shares of HK\$0.1 each.

On 23rd January, 2002, and as part of the Reorganisation, an aggregate of 29,999,999 shares of HK\$0.1 each, credited as fully paid, were issued and allotted by the Company.

On 8th March, 2002, a total of 239,280,000 shares of HK\$0.1 each were credited and issued as fully paid through a capitalization issue from the share premium account of the Company (note 11).

A total of 57,120,000 new shares of HK\$0.1 each were issued and offered for subscription at a price of HK\$1.08 per share upon listing of the Company's shares on the Main Board of the Stock Exchange on 11th March, 2002.

Share capital as at 30th September, 2001 had been stated as if the capitalisation issue has been taken place.

11. Reserves

	Exchange reserve	Capital reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st October, 2000 as previously reported	(55)	(25,694)	76,839	51,090
Effect of adopting SSAP 9 (revised)	—	—	8,910	8,910
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1st October, 2000 as restated	(55)	(25,694)	85,749	60,000
Profit attributable to shareholders	—	—	52,010	52,010
2000 final dividend	—	—	(8,910)	(8,910)
2001 interim dividends	—	—	(23,760)	(23,760)
Exchange differences	(611)	—	—	(611)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th September, 2001	(666)	(25,694)	105,089	78,729
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Share premium	Exchange reserve	Capital reserve	Retained profits
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st October, 2001	—	(666)	(25,694)	105,089
Profit attributable to shareholders	—	—	—	10,080
Proceeds from Initial Public Offer	55,978	—	—	—
Initial Public Offer expenses	(10,100)	—	—	—
Capitalisation issue (note 10)	(23,928)	—	23,928	—
Exchange differences	—	239	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2002	21,950	(427)	(1,766)	115,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Represented by:				
Reserves	21,950	(427)	(1,766)	110,926
Proposed interim dividend	—	—	—	4,243
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>21,950</u>	<u>(427)</u>	<u>(1,766)</u>	<u>115,169</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. Commitments under operating leases

The Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	As at	As at
	31st March	30th September
	2002	2001
	HK\$'000	HK\$'000
Not later than one year	40,307	35,712
Later than one year and not later than five years	26,986	31,035
	<u>67,293</u>	<u>66,747</u>

13. Contingent liabilities

The Group had no material contingent liabilities as at 31st March, 2002 (30th September, 2001: Nil).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an interim dividend of 1.3 HK cents per share for the six months ended 31st March, 2002 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on 11th July, 2002. The Register of Members will be closed from 9th July, 2002 to 11th July, 2002, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Standard Registrars Limited of 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on 8th July, 2002. The relevant dividend warrants will be dispatched to shareholders on 15th July, 2002.

LIQUIDITY AND FINANCIAL RESOURCES

At 31st March, 2002, the Group had net current assets of HK\$133.4 million (2001: HK\$67.9 million).

The Group generally finances its operation with internally generated resources. Net proceeds from the Initial Public Offer of the Company's share will primarily be used to support the Group's expansion in the China market and the spa business. As at 31st March, 2002, the Group maintains a strong financial position with approximately HK\$105 million cash reserves and had no indebtedness. Such cash reserves are principally placed on interest-bearing bank deposits.

In addition, the Group continues to generate strong recurring cash flows from its daily operation. Management believes this strong financial position enables the Group to get access to future development opportunities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2002, the Group employed 322 staff (31st March, 2001: 312). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. Save as disclosed hereunder, no option has been granted to any employee pursuant to the Company's share option scheme adopted on 23rd January, 2002.

AUDIT COMMITTEE

The Audit Committee was set up on 23rd January, 2002 and has reviewed with Management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters which included a review of the Interim Accounts for the six months ended 31st March, 2002.

DIRECTORS' INTERESTS IN SHARES

At 31st March, 2002, the interests of the directors in the shares of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company are as follows:

Name of Director	Name of company	Personal interests	Number of shares			Total interest
			Corporate interest	Family interest	Other interest	
Yu Lai Si	The Company	77,666,880 ordinary	-	-	-	77,666,880 ordinary
	Water Oasis Company Limited	330,000 non voting deferred				330,000 non voting deferred
Tam Chie Sang	The Company	-	-	-	77,666,880 ordinary (1)	77,666,880 ordinary
	Water Oasis Company Limited	165,000 non voting deferred	-	165,000 non voting deferred (2)	-	330,000 non voting deferred
Yu Lai Chu, Eileen	The Company	-	-	-	77,666,880 ordinary (1)	77,666,880 ordinary
	Water Oasis Company Limited	165,000 non voting deferred	-	165,000 non voting deferred (3)	-	330,000 non voting deferred

Name of Director	Name of company	Personal interests	Number of shares			Total interest
			Corporate interest	Family interest	Other interest	
Yu Kam Shui, Erastus	The Company	-	-	38,833,440 ordinary (5)	38,833,440 ordinary (4)	77,666,880 ordinary
	Water Oasis Company Limited	50 ordinary	-	50 ordinary (6)	-	100 ordinary
	Water Oasis Company Limited	170,000 non voting deferred	-	170,000 non voting deferred (6)	-	340,000 non voting deferred
Lai Yin Ping	The Company	-	-	38,833,440 ordinary (4)	38,833,440 ordinary (5)	77,666,880 ordinary
	Water Oasis Company Limited	50 ordinary	-	50 ordinary (7)	-	100 ordinary
	Water Oasis Company Limited	170,000 non voting deferred	-	170,000 non voting deferred (7)	-	340,000 non voting deferred

Notes:

- (1) These shares are registered in the name of Zinna Group Limited. All voting rights over Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited, which forms part of the discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) These shares are registered in the name of Yu Lai Chu, Eileen, the wife of Tam Chie Sang.
- (3) These shares are registered in the name of Tam Chie Sang, the husband of Yu Lai Chu, Eileen.
- (4) These shares are registered in the name of Advance Favour Holdings Limited, a British Virgin Islands company held by K S Yu 2002 Grantor Retained Annuity Trust formed for the benefit of Yu Kam Shui, Erastus and Yu Kam Shui, Erastus' mother Fung Sin Ping and upon her death, Lai Yin Ping's sister, Lai Yin Ling. Yu Kam Shui, Erastus and Lai Yin Ping are the trustees to the K S Yu 2002 Grantor Retained Annuity Trust.
- (5) These shares are registered in the name of Billion Well Holdings Limited, a British Virgin Islands company held by Y P Lai 2002 Grantor Retained Annuity Trust formed for the benefit of Lai Yin Ping, Lai Yin Ping's mother, Wong Kwai Ying and upon the death of Lai Yin Ping's mother, Lai Yin Ping's sister, Lai Yin Ling. Lai Yin Ping is the sole trustee to the Y P Lai 2002 Grantor Retained Annuity Trust.

(6) These shares are registered in the name of Lai Yin Ping, the wife of Yu Kam Shui, Erastus.

(7) These shares are registered in the name of Yu Kam Shui, Erastus, the husband of Lai Yin Ping.

Saved as disclosed above, none of the directors had any interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance as at 31st March, 2002.

SHARE OPTIONS

At 31st March, 2002, the Company had the following outstanding share options granted to a supplier of the Group:

Grantees	Date of grant	Exercise price <i>HK\$</i>	Exercisable period	Number of share options		
				Balance as at 1st October, 2001	Granted during the period	Balance as at 31st March, 2002
H ₂ O Plus, L.P.	11th March, 2002	1.18	11th March, 2002 to 10th March, 2012	-	3,264,000	3,264,000

No options were exercised, cancelled or lapsed during the six months ended 31st March, 2002.

SUBSTANTIAL SHAREHOLDERS

At 31st March, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those stated below:

Name	Number of ordinary shares	Approximate percentage of voting power
Yu Lai Si	77,666,880	23.8%
Zinna Group Limited ⁽¹⁾	77,666,880	23.8%
Advance Favour Holdings Limited ⁽²⁾	38,833,440	11.9%
Billion Well Holdings Limited ⁽³⁾	38,833,440	11.9%

Notes:

- (1) All voting rights of Zinna Group Limited are held by Royalion Worldwide Limited, which is wholly owned by Hitchin Trading Limited as trustee of Hitchin Unit Trust which in turn is ultimately held by Trident Trust Company (Cayman) Limited which forms part of a discretionary trust set up by Tam Chie Sang and Yu Lai Chu, Eileen. Trident Trust Company (Cayman) Limited is the trustee of the discretionary trust, the beneficiaries of which are the family members of Tam Chie Sang and Yu Lai Chu, Eileen.
- (2) Advance Favour Holdings Limited is a British Virgin Islands company held by K S Yu 2002 Grantor Retained Annuity Trust formed for the benefit of Yu Kam Shui, Erastus and Yu Kam Shui, Erastus' mother Fung Sin Ping and upon her death, Lai Yin Ping's sister, Lai Yin Ling. Yu Kam Shui, Erastus and Lai Yin Ping are the trustees to the K S Yu 2002 Grantor Retained Annuity Trust.
- (3) Billion Well Holdings Limited is a British Virgin Islands company held by Y P Lai 2002 Grantor Retained Annuity Trust formed for the benefit of Lai Yin Ping, Lai Yin Ping's mother, Wong Kwai Ying and upon the death of Lai Yin Ping's mother, Lai Yin Ping's sister, Lai Yin Ling. Lai Yin Ping is the sole trustee to the Y P Lai 2002 Grantor Retained Annuity Trust.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 31st March, 2002. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 31st March, 2002.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules at any time during the six months ended 31st March, 2002 except that the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

By order of the Board
Cheng Chi Wai
Company Secretary

Hong Kong, 17th June, 2002