



*Interim
Report
2006*



We Make Health & Beauty



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INDEPENDENT INTERIM REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
NUBRANDS GROUP HOLDINGS LIMITED

滙保集團控股有限公司

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 3 to 14.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th September 2006.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21st December 2006



CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

		For the six months ended	
		30th September	
	<i>Notes</i>	2006	2005
		HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited and restated)
Continuing operations			
Turnover	3	21,584	10,985
Cost of sales		(14,117)	(7,819)
		<hr/>	<hr/>
Gross profit		7,467	3,166
Other revenue		2,324	1,777
Selling and distribution expenses		(4,704)	(1,523)
Administrative expenses		(9,315)	(5,417)
Finance costs	4	(558)	(369)
		<hr/>	<hr/>
Loss for the period from continuing operations		(4,786)	(2,366)
Discontinued operations			
Loss for the period from discontinued operations		–	(874)
		<hr/>	<hr/>
Loss attributable to ordinary shareholders of the Company	5	(4,786)	(3,240)
		<hr/>	<hr/>
Basic loss per share			
From continuing operations	7	(0.63 HK cents)	(0.44 HK cents)
From discontinued operations		–	(0.16 HK cents)
		<hr/>	<hr/>
From continuing and discontinued operations		(0.63 HK cents)	(0.60 HK cents)
		<hr/>	<hr/>

The directors do not recommend the payment of an interim dividend for the period (2005: Nil).



CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH SEPTEMBER 2006

	Notes	30th September 2006 HK\$'000 (unaudited)	31st March 2006 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		2,737	2,774
Property, plant and equipment		2,778	2,789
Prepaid lease payments			
– non-current portion		8,465	8,574
Intangible assets		8,800	8,800
		22,780	22,937
Current assets			
Inventories – finished goods		4,982	7,260
Prepaid lease payments – current portion		219	219
Debtors, prepayments and deposits	8	11,995	9,452
Taxation recoverable		112	112
Pledged bank deposits		2,608	2,606
Bank balances and cash		12,439	9,212
		32,355	28,861
Current liabilities			
Creditors, accruals and deposits received	9	14,059	16,544
Amount due to a shareholder	10	214	214
Convertible notes	11	9,707	9,267
Taxation payable		28	28
Bank overdrafts		2,978	3,351
		26,986	29,404
Net current assets (liabilities)		5,369	(543)
Total assets less current liabilities		28,149	22,394
Non-current liability			
Deferred tax		845	845
NET ASSETS		27,304	21,549
CAPITAL AND RESERVES			
Share capital	12	76,191	71,838
Reserves		(48,887)	(50,289)
Equity attributable to ordinary shareholders of the Company		27,304	21,549



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April 2006	71,838	36,169	-	-	(86,458)	21,549
Exchange differences on translating foreign operation and total income recognised directly in equity	-	-	-	4	-	4
Loss for the period	-	-	-	-	(4,786)	(4,786)
Total recognised income and expense for the period	-	-	-	4	(4,786)	(4,782)
Equity settled share-based transactions, net of tax	-	-	2,283	-	-	2,283
Issue of shares for cash	4,353	4,135	-	-	-	8,488
Share issue expenses	-	(234)	-	-	-	(234)
At 30th September 2006	76,191	40,070	2,283	4	(91,244)	27,304
At 1st April 2005	54,423	31,904	-	-	(79,729)	6,598
Loss for the period	-	-	-	-	(3,240)	(3,240)
At 30th September 2005	54,423	31,904	-	-	(82,969)	3,358



CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	For the six months ended	
	30th September	
	2006	2005
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(4,330)	(3,647)
Net cash used in investing activities	(206)	(92)
Financing activities		
Net proceeds from issue of shares	8,254	–
Advance from former ultimate holding company	–	3,597
Others	(491)	(455)
Net cash from financing activities	7,763	3,142
Net increase (decrease) in cash and cash equivalents	3,227	(597)
Cash and cash equivalents at 1st April	9,212	8,194
Cash and cash equivalents at 30th September	12,439	7,597



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006*

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the “new HKFRSs”), which are either effective for accounting periods beginning on or after 1st December 2005, 1st January 2006 or 1st March 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied any of the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.



3. Segment Information

Business segments

The Group is principally engaged in the business of sale and distribution of health and beauty products and sale of medical equipment in Hong Kong. In March 2006, the Group discontinued the business operation of medicinal and winery products through disposal of subsidiaries. In accordance with the Group's internal financial reporting, the Group has determined that business segments should be presented as the primary reporting format. There are no sales or other transactions between the business segments. Analysis of the Group's unaudited results by major business segments is as follows:

	Continuing operations						Discontinued operations		Consolidated	
	Health and beauty products		Medical equipment		Total		Medicinal & winery products			
	For the six months ended 30th September 2006		For the six months ended 30th September 2005		For the six months ended 30th September 2006		For the six months ended 30th September 2005		For the six months ended 30th September 2006	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	6,136	-	15,448	10,985	21,584	10,985	-	2	21,584	10,987
Other revenue	237	-	1,500	1,562	1,737	1,562	-	-	1,737	1,562
Total revenue	6,373	-	16,948	12,547	23,321	12,547	-	2	23,321	12,549
Segment results	(799)	-	1,271	878	472	878	-	(874)	472	4
Unallocated corporate income					587	215	-	-	587	215
Unallocated corporate expenses					(5,287)	(3,090)	-	-	(5,287)	(3,090)
Finance costs					(558)	(369)	-	-	(558)	(369)
Loss attributable to ordinary shareholders of the Company					(4,786)	(2,366)	-	(874)	(4,786)	(3,240)



4. Finance Costs

	For the six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Interest expenses on:		
Bank overdrafts	118	–
Convertible notes	440	369
	<u>558</u>	<u>369</u>

All the above finance costs are from continuing operations.

5. Loss Attributable to Ordinary Shareholders of the Company

Loss attributable to ordinary shareholders of the Company has been arrived at after charging (crediting) the following items:

	Continuing operations		Discontinued operations		Consolidated	
	For the six months ended 30th September 2006 HK\$'000		For the six months ended 30th September 2005 HK\$'000		For the six months ended 30th September 2006 HK\$'000	
	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000
Interest income	(28)	(299)	–	–	(28)	(299)
Directors' remuneration	821	1,595	–	–	821	1,595
Depreciation and amortisation	278	361	–	15	293	361
		<u>361</u>		<u>15</u>	<u>293</u>	<u>361</u>

6. Taxation

No provision for Hong Kong Profits Tax has been made by the Group as the Group has no assessable profits for the current period.

No deferred tax asset in respect of tax losses has been recognised due to the unpredictability of future profit streams.

The Group has no other significant unprovided deferred tax for the period or at the balance sheet date.



7. Loss Per Share

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the ordinary shareholders of the Company is based on the loss for the period of approximately HK\$4,786,000 (2005: HK\$3,240,000) and on the weighted average number of 760,482,554 (2005: 544,232,517) ordinary shares in issue during the period.

No diluted loss per share is presented as the conversion of the convertible notes and the effect of share options are anti-dilutive.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the ordinary shareholders of the Company is based on the loss for the period of approximately HK\$4,786,000 (2005: HK\$2,366,000).

The denominator used is the same as those detailed above for continuing and discontinued operations.

From discontinued operations

For the period ended 30th September 2005, basic loss per share for the discontinued operations was 0.16 HK cents per share based on the loss for the period from the discontinued operations of approximately HK\$874,000 and the denominator detailed above for continuing and discontinued operations.

8. Debtors, Prepayments and Deposits

The Group has a policy of allowing credit periods ranging from 30 days to 90 days to its trade customers, except for certain well-established customers where the terms are extended beyond 90 days. The age analysis of trade debtors prepared on the basis of sales invoice date is stated as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Trade debtors:		
0 to 90 days	5,633	3,619
91 to 180 days	1	37
Over 180 days	–	6
	<hr/> 5,634	<hr/> 3,662
Prepayments, deposits and other receivables	6,361	5,790
	<hr/> 11,995	<hr/> 9,452

9. Creditors, Accruals and Deposits Received

The age analysis of the Group's trade creditors is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Trade creditors:		
0 to 90 days	2,951	1,617
91 to 180 days	3	242
181 to 365 days	8	2
Over 365 days	174	172
	<hr/> 3,136	<hr/> 2,033
Accruals and deposits received	10,923	14,511
	<hr/> 14,059	<hr/> 16,544



10. Amount due to a Shareholder

The amount represents advances from Billion Pacific Ventures Limited (“Billion Pacific”) and is unsecured, interest-free and repayable on demand. Mr. Kwok Wing Leung, Andy, a director of the Company, has a beneficial interest in this company.

11. Convertible Notes

In October 2004, the Company issued a convertible note (the “Note”) with a principal amount of HK\$8,150,000. The Note bears interest at prime rate (as quoted by the Hongkong and Shanghai Banking Corporation Limited) plus 3% per annum. The principal of the Note and interest accrued thereon are due for repayment on 21st October 2006 (the “Maturity Date”).

Subsequent to the balance sheet date, the Company fully repaid the principal of the Note and interest accrued thereon on the Maturity Date.

12. Share Capital

During the six months ended 30th September 2006 and subsequent to the balance sheet date, the following changes in the share capital of the Company took place:

- (a) In April 2006, the Company issued 43,530,000 ordinary shares of HK\$0.10 each in the Company to Billion Pacific, a substantial shareholder of the Company, at a price of HK\$0.195 per share. The same number of the Company’s ordinary shares owned by Billion Pacific were placed at a price of HK\$0.195 per share to other investors. The placing price represented a discount of approximately 11.36% to the closing price of HK\$0.22 per share as quoted on the Stock Exchange on 6th April 2006 (the day before the date of the share placing agreement). The proceeds are to be used for the business expansion of the Group. The transaction was completed and the placing shares were issued in April 2006. These new shares were issued under the general mandate granted to the directors at the Company’s annual general meeting held on 30th September 2005. These new shares ranked pari passu with the existing shares then in issue in all respects.
- (b) In September 2006, the Company entered into a share placing agreement to procure Billion Pacific to subscribe for 87,000,000 shares at a price of HK\$0.23 per share, representing a discount of approximately 7.26% to the closing price of HK\$0.248 per share as quoted on the Stock Exchange on 27th September 2006 (the last full trading day before the date of the share placing agreement). The same number of the Company’s ordinary shares owned by Billion Pacific were placed at a price of HK\$0.23 per share to other investors. The proceeds are to be used for the potential acquisition of skincare and cosmetics products brands and distribution network and for general working capital. The transaction was completed and the placing shares were issued in October 2006. These shares were issued under the general mandate granted to the directors at the Company’s annual general meeting held on 18th September 2006. These new shares ranked pari passu with the existing shares then in issue in all respects.



13. Share-based Payment Transactions

A share option scheme (the “Scheme”) was adopted by the Company pursuant to a resolution passed on 26th August 2003. Under the Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for shares of HK\$0.1 each in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK\$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making the offer of option. The options granted under the Scheme are exercisable within ten years after the date of grant.

During the period, 54,239,920 options with an exercise price of HK\$0.210 per share were granted on 21st August 2006. The estimated fair value of the options granted on 21st August 2006 is approximately HK\$3,334,000. This fair value was calculated using The Black-Scholes pricing model. The inputs into the model are as follows:

Share price as at the date of grant	HK\$0.204
Exercise price	HK\$0.21
Expected volatility	64.66%
Expected life	One to two years
Risk-free rate	3.87% to 4.00%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company’s share price over the previous two years. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expenses of approximately HK\$2,283,000 (2005: Nil) for the period in relation to the share options granted by the Company.

36,285,600 of the outstanding options are exercisable at any time from the grant date up to 21st August 2016 whereas 17,954,320 of the outstanding options are exercisable in the period from 21st August 2007 to 21st August 2016.

No options have been exercised, forfeited or cancelled since the date of grant.

14. Pledge of Assets

As at 30th September 2006, certain assets of the Group with the following carrying amounts had been pledged to secure the banking facilities granted to the Group:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Prepaid lease payment	2,920	2,955
Building	1,975	2,004
Bank deposits	2,608	2,606
	7,503	7,565

15. Compensations to Management Personnel

The compensations to key management personnel in respect of the period are as follows:

	For the six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Salaries and other short-term benefits	876	1,164
Share-based payment expenses	752	–
Retirement benefit scheme contributions	25	10
	1,653	1,174

16. Post Balance Sheet Events

In October 2006, the Company fully repaid the principal of the Note and interest accrued thereon of approximately HK\$9,758,000 on maturity date.

In addition, the Company issued new shares at a consideration (net of expenses) of approximately HK\$19,633,000. Details of the share issues are set out in note 12.

17. Comparative Information

The prior period's comparative income statement has been restated to present the financial information regarding discontinued operations and certain administrative expenses have been reclassified to selling and distribution expenses and cost of sales.



MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The Group's unaudited consolidated turnover for the six months ended 30th September 2006 was HK\$21,584,000, representing an increase of 96% from HK\$10,985,000 in the corresponding period last year. Loss attributable to shareholders for the period under review amounted to HK\$4,786,000, an increase of 48% from HK\$3,240,000 in the corresponding period in 2005.

Business Review

During the period ended 30th September 2006, turnover of the medical equipment segment amounted to HK\$15,448,000, an increase of 41% over the corresponding period in previous year. This increase was due to the soaring demand for medical equipment mainly from the private healthcare providers in Hong Kong.

In March 2006, the Group acquired a new subsidiary, Procure (Holdings) Company Limited ("Procure") which specializes in Research and Development, Production, Marketing and Distribution of health and beauty products. This acquisition has contributed to the increment in the Group's turnover and improvement in its gross profit margin. Capitalizing from the strong domestic economy and our strengthened marketing and brand-building effort, the Group's health and beauty products segment was able to contribute a turnover of HK\$6,136,000 for the period under review.

The overall gross profit margin of the Group has improved from 28.8% in the first half of last financial year to 34.6% during the corresponding period this year, as a result of the higher gross profit margin generated by the health and beauty products segment.

Higher loss per share was recorded for the period ended 30th September 2006 as compared to the corresponding period last year. This was largely attributable to the HK\$2,283,000 share-based payment expenses recorded during the period. 54,239,920 share options were granted to directors, consultants and employees of the Group during the period under review. The Group believes that granting such share options to retain talented employees and to attract qualified consultants will assist the Group in successfully implementing its business strategies and achieving its long term plan to excel and to enhance shareholders value.



In conclusion, despite increasing competition, the Group's performance was maintained at a satisfactory level. We believe that the Group's performance will continue to strengthen from the improvement in the domestic and Greater China economic environment. Our dedicated management team will continue to diversify the Group's product mix, improve its products quality and distribution network, as well as to develop a flexible approach in aligning the cost structure with revenue so as to maximize the Group's profit generation.

Prospects and Outlook

Through the acquisition of Procare in March 2006, the Group has successfully entered into the lucrative health and beauty market segment. With the major revamp and launch campaigns of our flagship "LaVie" skincare brand in Mainland China in December 2006 and based on the seasonal factor of the beauty industry that a significant proportion of the annual turnover will be generated during the fall/winter months, the Group is optimistic about the sales growth in the second half of the financial year.

The Group will continue to leverage on its distribution network, trading experience and industry expertise to position and build the Group to become the leading health and beauty brand management and distribution company in Greater China.

The Group will continue to look for strategic acquisitions and partnership opportunities which are in line with the Group's expansion strategy or will provide synergy to its principal business activities. The Group will also consider whether any asset disposal, asset acquisition, fixed assets redeployment, business rationalization, business divestment and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.



Financial Review

Liquidity and Financial Position

As at 30th September 2006, the Group's cash and bank balances were HK\$15,047,000 (31st March 2006: HK\$11,818,000) while the total borrowings were HK\$12,899,000 (31st March 2006: HK\$12,832,000). The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to shareholders of the Company, is therefore not presented as the Group has a net cash position as at 30th September 2006.

Subsequent to the balance sheet date, the Group raised fund of approximately HK\$19,633,000 through placement of the Company's shares and has fully repaid the principal of the Note and interest accrued thereon of approximately HK\$9,758,000 on maturity date.

Based on the Group's existing cash balances and banking facilities, the Group has adequate financial resources to fund its operational requirements.

Charges on Group Assets

As at 30th September 2006, prepaid lease payment, building and bank deposits with respective carrying value of HK\$2,920,000, HK\$1,975,000 and HK\$2,608,000 were pledged to secure the Group's banking facilities. As at 30th September 2006, banking facilities of HK\$2,978,000 were utilised.

Foreign Exchange Risk Management

The Group continues to adopt a prudent approach to foreign exchange exposure management. Most of the Group's cash balances are deposited in Hong Kong Dollars with major banks in Hong Kong. The majority of the Group's borrowings, revenues and payments are also denominated in Hong Kong Dollars. Therefore, the Board considers that the Group's risk exposure to foreign exchange rate fluctuations is minimal. The Group did not engage in the use of derivative products during the period under review. The Board will continue to closely monitor the Group's foreign exchange risk exposure, and will hedge against potential risk by applying derivative financial instruments when and where necessary.



Capital Commitment

As at 30th September 2006, the Group had no capital commitment.

Contingent Liabilities

As at 30th September 2006, the Group had no significant contingent liabilities.

Human Resources

As at 30th September 2006, the Group had a total of 36 employees. The Group believes its success and long-term growth depends on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and Group performance. During the period ended 30th September 2006, the Company granted 54,239,920 share options to directors, consultants and employees pursuant to the share option scheme of the Company adopted since 2003.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th September 2006, the interests of the directors, chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of the Securities and Futures Ordinance ("SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, were as follows:

Long positions in ordinary shares of HK\$0.10 each of the Company

Name of director	Number of shares/underlying shares held					% of the issued share capital
	Personal interests	Family interests	Corporate interests	Other interests	Total	
Kwok Wing Leung Andy	5,442,320 (Note 1)	-	401,533,775 (Note 2)	-	406,976,095	53.42
Tse Michael Nam	17,875,596 (Note 3)	-	-	-	17,875,596	2.35
Yeung Ting Lap, Derek Emory	2,720,000 (Note 4)	-	-	-	2,720,000	0.36
Ho Man Kin, Tony	300,000	-	-	-	300,000	0.04



Notes:

1. Mr. Kwok Wing Leung Andy has beneficial interests in 5,442,320 underlying shares in respect of share option granted to him on 21st August 2006.
2. These shares are held by Billion Pacific Ventures Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Kwok Wing Leung Andy.
3. Mr. Tse Michael Nam has beneficial interests in 13,521,596 shares and 4,354,000 underlying shares in respect of share option granted to him on 21st August 2006.
4. Mr. Yeung Ting Lap, Derek Emory has beneficial interests in 2,720,000 underlying shares in respect of share option granted to him on 21st August 2006.

Save as disclosed above, none of the directors, chief executives nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30th September 2006, which were required to be recorded pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosable Interests and Short Positions of Substantial Shareholders under SFO

Other than as disclosed in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures”, as at 30th September 2006, no other person (other than the directors or chief executives of the Company or their respective associates) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

Details of the outstanding options under the Scheme during the six months ended 30th September 2006 are as follows:

Grantee	Date of Grant	Exercise period	Exercise price per share HK\$	Number of share options				
				Balance at 01/04/2006	Granted during the period	Exercised during the period	Lapsed during the period	Balance at 30/09/2006
Kwok Wing Leung, Andy	21/08/2006	21/8/2006 to 21/8/2016	0.21	-	5,442,320	-	-	5,442,320
Tse Michael Nam	21/08/2006	21/8/2006 to 21/8/2016	0.21	-	4,354,000	-	-	4,354,000
Yeung Ting Lap, Derek Emory	21/08/2006	21/8/2006 to 21/8/2016	0.21	-	2,720,000	-	-	2,720,000
Consultants	21/08/2006	21/8/2006 to 21/8/2016	0.21	-	23,769,280	-	-	23,769,280
Employees	21/08/2006	21/8/2007 to 21/8/2016	0.21	-	17,954,320	-	-	17,954,320

Save as disclosed above, no other options were outstanding, granted, exercised, cancelled or lapsed under the Scheme at any time during the period.

Purchases, Sales or Redemption of the Company's Listed Securities

There have been no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period under review.



Corporate Governance

The Company has, throughout the six months ended 30th September 2006, applied the principal and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules save and except the deviation as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

The Separate Roles of Chairman and Chief Executive Officer

The Company does not have a separate chairman and chief executive officer and Mr. Kwok Wing Leung, Andy currently holds both positions. This constitutes a deviation from code provision A.2.1 of the Code. However, the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board continually reviews the effectiveness of the Group’s corporate governance structure to assess whether any changes, including the separation of the positions of chairman and chief executive officer, are necessary.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry, confirms that all directors have fully complied with the Model Code throughout the financial period ended 30th September 2006.

Remuneration Committee

A Remuneration Committee was established by the Company in previous financial year to establish policies, review and determine the remuneration of the directors and the senior management. The Remuneration Committee comprises two independent non-executive directors namely Mr. Ho Man Kin, Tony (chairman) and Mr. Li Kar Fai, Peter, and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory.

The remuneration policies for the Company as well as the directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.



Audit Committee

The audit committee of the Company (the “Audit Committee”) comprises two independent non-executive directors namely, Mr. Li Kar Fai, Peter (chairman) and Mr. Ho Man Kin, Tony, and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The primary duties are to review the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial reporting matters of the Company. The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30th September 2006 with the management. At the request of the Board, Deloitte Touche Tohmatsu, the Company’s auditors, has carried out a review of the unaudited interim financial report in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the HKICPA. The independent review report from the auditors is set out in this interim report.

Publication of Interim Report on The Stock Exchange’s Website

The Company’s 2006 interim report containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange’s website in due course.

On behalf of the Board
Nubrand Group Holdings Limited
Kwok Wing Leung, Andy
Chairman

Hong Kong, 21st December 2006



CORPORATE INFORMATION

Directors

Executive Directors

Kwok Wing Leung, Andy
Tse Michael Nam

Non-executive Directors

Yeung Ting Lap, Derek Emory

Independent Non-executive Directors

Chiu Kam Hing, Kathy
Ho Man Kin, Tony
Li Kar Fai, Peter

Registered Office

Clarendon House
2 Church House
Hamilton HM11
Bermuda

Head Office

3806-3814
38/F, Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

Company Secretary

Chow Kim Hang

Auditors

Deloitte Touche Tohmatsu

Principal Share Registrar

Butterfield Fund Services
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Branch Share Registrar

Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Remuneration Committee

Ho Man Kin, Tony
Li Kar Fai, Peter
Yeung Ting Lap, Derek Emory

Audit Committee

Li Kar Fai, Peter
Ho Man Kin, Tony
Yeung Ting Lap, Derek Emory

Principal Bankers

The Hongkong and Shanghai
Banking Corporation Limited
Standard Chartered Bank
(Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch
DBS Bank (Hong Kong) Limited

Legal Advisers

Tsun & Partners

Website Address

<http://www.nubrandsgroup.com>

Share Listing

Listed on The Stock Exchange of
Hong Kong Limited
Stock Code: 835