



Chairman's Statement

Interim Results

For the six months ended 30 September 2006, the Group achieved a revenue of approximately HK\$172.5 million, representing a year-on-year increase of approximately 5.6% (2005: HK\$163.4 million). Gross profit was approximately HK\$79.1 million (2005: HK\$68.3 million), representing an increase of approximately 15.8%. The Group recorded a loss attributable to the equity holders of the Company for the six months ended 30 September 2006 of approximately HK\$5.3 million (2005: HK\$34.8 million).

The management team of the Group applied various strategic measures to maintain gross profit margin of the Group at a relatively high level. Although facing the inflationary pressure in both the raw materials and the keen price competition in retail market, the gross profit margin of the Group for the period ended 30 September 2006 still has an increase of 4% from last period of 42% to 46% in this period.

For the period under review, the overall business in Wai Yuen Tong, Luxembourg and CNT grew steadily and I was most encouraged by the substantial reduction in the Group's loss of 85%.

Prospects

Look ahead, we believe that our effort in brand loyalty building, effective operation and financial strategies and effective distributional networks, will support the growth of the Group and allow us to gain access to additional business opportunities that may be presented to the Group in the future.

Appreciation

On behalf of the Board, I would like to thank the management and all staff for their concerted effort, commitment and professionalism.

Tang Ching Ho

Chairman

21 December 2006