INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2006 (2005: Nil) per ordinary share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the six months ended 31 December 2006 (the "Period"), the Group had achieved continuous growth in turnover and net profit through incessant refinement to its business model coupled with favourable market environment. The retail and consumer markets in the Mainland China continued to be the major market place where the Group secured its business growth. Year 2006 recorded another year of impressive economic growth for the Mainland China. The growth of its Gross Domestic Product reached 10.7%, which had marked Year 2006 the fourth consecutive year that Mainland China had achieved a double-digit increase. Retail sales of consumable goods also grew by 13.7%. Underlying demand conditions were supportive of continuous and rapid growth. Domestic demand was also driven by the continuous urbanisation process in the Mainland China together with strong growth of urban per capita disposable income at 10.4% for Year 2006.

Turnover for the Period was approximately HK$752.5 million, representing an increase of approximately 42.8% compared to HK$526.8 million in the same period last year. The increase in turnover was mainly attributable to the increased sales quantity achieved through clientele and sales network expansion and product enrichment and diversification.

Gross profit margin increased from 17.1% to 19.4% when compared with the same period last year. Such increase in the overall profit margin was mainly attributable to the Group's incessant refinement of product mix. Sales of cosmetics, nourishing and branded products, frozen and chilled products and fresh fruit with relative higher profit margins had been able to achieve growth in a proportion outpaced the sales of the Group's packaged products.

Selling and distribution expenses recorded approximately 58.7% increase or increased from approximately 5.1% to 5.7% of the turnover when compared with the same period last year. Such increase was mainly attributable to the increase in marketing and promotion campaigns, headcounts for sales force and miscellaneous selling expenses with extra outlay for strengthening market awareness of cosmetics, nourishing and frozen and chilled products and the geographical presence for PRC sales network during the Period under review.

Administrative expenses recorded approximately 55.0% increase when compared with the same period last year. Such increase was mainly attributable to expansion of the Group's existing distribution operations, particularly for the cosmetics products and the increased expenses for headcounts and depreciation following the full operations of our Shanghai logistics centre last year.

Profit from operations was approximately HK$87.7 million, representing an increase of approximately 63.2% compared to HK$53.7 million in the same period last year. The refinement of product mix was the main attributor to uplift the Group's operating profit margin to 11.7%, compared with 10.2% in the same period last year.

Finance costs remained fairly stable at approximately HK$4.4 million incurred during the Period as the Group's bank borrowings remained at a steady level when compared with the same period last year.

During the Period under review, the Group recorded share of net loss of associated companies of approximately HK$5.5 million, which consisted of the share of net profit of approximately HK$0.3 million from Daqing Petroleum & Chemical Group Limited ("Daqing"), a public company listed on The Stock Exchange of Hong Kong Limited with 13.99% equity interest owned by the Group and the share of net loss of approximately HK$5.8 million from Senox Co., Ltd. ("Senox") with 50% equity interest owned by the Group as at 31 December 2006. Since Senox's operating infrastructure, Zhongshan logistic centre, only commenced its operations in November 2006 and the acquisition of the remaining 50% equity interest by the Group in Senox completed in January 2007, the Group's share of the net loss of approximately HK$5.8 million from Senox mainly represented 50% share of the pre-startup operating expenses of Zhongshan logistic centre for the Period.

Net profit attributable to shareholders increased to HK$73.6 million, representing an increase of approximately 40.9% compared to HK$52.2 million in the same period last year.