Nubrands Group Holdings Limited
滙寶集團控股有限公司 *

(incorporated in Bermuda with limited liability)

(Stock code: 835)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

The Board ("Board") of Directors ("directors") of Nubrands Group Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

		For the six months ended 30th September	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**24,609**	21,584
Cost of sales		**(15,898)**	(14,117)
Gross profit		**8,711**	7,467
Other income		**2,469**	2,324
Selling and distribution expenses		**(5,763)**	(4,704)
Administrative expenses		**(13,307)**	(9,315)
Finance costs	*4*	**(73)**	(558)
Loss for the period	*5*	**(7,963)**	(4,786)
Attributable to:			
Equity holders of the Company		**(7,955)**	(4,786)
Minority interests		**(8)**	–
		(7,963)	(4,786)
		HK cents	*HK cents*
Basic loss per share	*7*	**(0.90)**	(0.63)

The directors do not recommend the payment of an interim dividend for the period (2006: Nil).

CONDENSED CONSOLIDATED BALANCE SHEET AT 30TH SEPTEMBER 2007

	Notes	30th September 2007 HK$'000 (unaudited)	31st March 2007 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**2,664**	2,701
Property, plant and equipment		**3,816**	3,182
Prepaid lease payments – non-current portion		**8,246**	8,355
Intangible assets		**8,800**	8,800
		23,526	23,038
Current assets			
Inventories – finished goods		**7,163**	8,110
Prepaid lease payments – current portion		**219**	219
Trade and other receivables	*8*	**17,888**	11,675
Taxation recoverable		**3**	5
Pledged bank deposits		**4,429**	2,652
Bank balances and cash		**16,319**	18,751
		46,021	41,412
Current liabilities			
Trade, bills and other payables		**19,320**	21,045
Amount due to a shareholder		**208**	208
Taxation payable		**10**	10
Obligations under finance leases – current portion		**111**	–
Bank overdrafts		**1,129**	2,200
		20,778	23,463
Net current assets		**25,243**	17,949
Total assets less current liabilities		**48,769**	40,987
Non-current liabilities			
Deferred taxation		**845**	845
Obligations under finance leases – non-current portion		**143**	–
		988	845
NET ASSETS		**47,781**	40,142
CAPITAL AND RESERVES			
Share capital		**90,323**	84,891
Reserves		**(42,542)**	(44,757)
Equity attributable to equity holders of the Company		**47,781**	40,134
Minority interests		**–**	8
		47,781	40,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st April 2007. The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 12	Service Concession Arrangements[2]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1st January 2009
[2] Effective for annual periods beginning on or after 1st January 2008
[3] Effective for annual periods beginning on or after 1st July 2008

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 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. An analysis of the Group's unaudited results by major business segments is as follows:

	Health and beauty products		**Medical equipment**		**Consolidated**	
	For the six months ended 30th September		**For the six months ended 30th September**		**For the six months ended 30th September**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**8,404**	6,136	**16,205**	15,448	**24,609**	21,584
Segment results	**(2,795)**	(799)	**1,980**	1,271	**(815)**	472
Unallocated corporate income					**542**	587
Unallocated corporate expenses					**(7,617)**	(5,287)
Finance costs					**(73)**	(558)
Loss for the period					**(7,963)**	(4,786)

4. FINANCE COSTS

	For the six months ended 30th September	
	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank overdrafts	**70**	118
Obligations under finance leases	**3**	–
Convertible note	**–**	440
	73	558

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting) the following items:

	For the six months ended 30th September	
	2007	2006
	HK$'000	*HK$'000*
Interest income	**(385)**	(299)
Directors' remuneration	**606**	1,595
Depreciation and amortisation	**563**	361

6. TAXATION

Pursuant to the relevant tax law and regulations in The People's Republic of China ("the PRC"), the Group's PRC subsidiary is entitled to a reduced tax rate at 15% for its establishment in the Shanghai Wai Gao Free Trade Zone.

No tax is payable on the profit for both periods arising in Hong Kong and the PRC since the assessable profit is wholly absorbed by tax losses brought forward.

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

The calculation of the basic loss per share is based on the loss for the period attributable to the equity holders of the Company of approximately HK$7,955,000 (2006: HK$4,786,000) and on the weighted average number of 886,114,584 (2006: 760,482,554) ordinary shares in issue during the period.

No diluted loss per share is presented as the effect of share options is anti-dilutive.

8. TRADE AND OTHER RECEIVABLES

The amount includes a HK$3.3 million investment cost paid on the acquisition of 51% of the issued share capital of Speed Growth Trading (H.K.) Company Limited ("Speed Growth") and the related shareholder's loan. The sole business and investment of Speed Growth is a 99% equity interest in Beijing Mengsisi Health Products Co., Ltd. ("Mengsisi"), an unlisted sino-foreign contractual joint venture established under the laws of the People's Republic of China with limited liability.

As set out in the circular of the Company dated 19th March 2007 (the "Circular") and the announcements dated 1st March 2007 and 15th August 2007 (the "Announcements"), and pursuant to the sales and purchase agreement dated 23rd February 2007 entered into with the vendors (the "Agreement"), the consideration for the acquisition is to be settled by the payment of HK$5.3 million in cash, out of which HK$3.3 million shall be payable to the vendors on completion date and the balance of HK$2 million shall be payable to the vendors within two business days after a supplemental agreement (the "Supplemental Agreement") becomes effective; and the issue of 35 million consideration shares in the Company to the vendors also within two business days after the Supplemental Agreement becomes effective. The Supplemental Agreement is to amend, among other things, the profit and loss sharing ratios among the joint venture partners.

The acquisition was completed in May 2007 and the Group paid HK$3.3 million cash to the vendors accordingly. As set out in the Circular and Announcements, and pursuant to the terms of the Agreement, the signing and government approval of the Supplemental Agreement should be completed no later than 90 days after the completion.

As set out in the announcement of the Company dated 19th December 2007, the vendors still failed to procure the signing and the approval of the Supplemental Agreement from the joint venture partner as the parties could not reach a consensus as to the terms and conditions of the Supplemental Agreement. The directors considered that it was highly unlikely that the vendors would procure the same in the near future and it would therefore be in the interests of the shareholders to rescind the Agreement. The Company served a letter of rescission on the vendors on 19th December 2007 demanding the vendors to return the consideration paid by the Company in the sum of HK$3.3 million and provide the Company with an undertaking to compensate the Company against all costs and losses incurred as a result of the vendors' breach of contract within 7 days from the date of the letter, in return for the transfer of 51% shareholding interest in Speed Growth from the Company back to the vendors.

The eventual outcome of this matter cannot be determined with certainty at this stage. However, the directors of the Company, after considering legal advices, are confident that the Company will be able to recover the amount of HK$3.3 million paid to the vendors and does not have to pay any of the balance of HK$2 million cash consideration or issue any of the consideration shares as mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

During the period, the Group continued to expand its medical equipment trading and servicing business in Hong Kong, its personal care and beauty products OEM business, as well as the production and distribution business of its skincare brands in Hong Kong and PRC. The Group's unaudited consolidated turnover for the six months ended 30th September 2007 was HK$24,609,000, representing a growth of 14% from HK$21,584,000 in the corresponding period last year. Loss attributable to equity holders of the Company for the period under review amounted to HK$7,955,000, an increase of 66% from HK$4,786,000 in the corresponding period in 2006.

Business Review

During the period under review, turnover of the medical equipment segment amounted to HK$16,205,000, an increase of 5% 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.

Turnover of the health and beauty products segment for the period under review amounted to HK$8,404,000, representing an increase of 37% over the corresponding period in previous year. Sales from the Group's OEM and ODM business has increased from HK$3,109,000 in the previous period to HK$5,067,000 in current period, representing a 63% increase, while sales from the Group's own skincare brand and brand management business has increase from HK$3,027,000 in previous year to HK$3,337,000 in the current period, representing an increment of 10%. Such substantial increase was largely due to the improvement in domestic economic conditions, resulting in an overall increase in demand for quality beauty and personal care products from our OEM customers as well as our own brands' retail customers.

The overall gross profit margin of the Group has improved from 34.6% in the first half of last financial year to 35.4% during the corresponding period this year, as a result of the higher gross profit margin generated by the medical equipment segment due to a change of sales mix. The Group's strategic decision to revamp LaVie's brand image and packaging design in early 2007 has resulted in a 10% decline in gross profit margin for the health and beauty products market segment in current period as compared to the same period last year. Nonetheless, management strongly believes that this lower profit margin will only be temporary and profit as well as profit margin will increase once the brand repositioning is completed in late 2007 and the sales volume picks up as we enter the annual peak selling period in the winter and spring seasons.

Higher loss per share was recorded for the period ended 30th September 2007 as compared to the corresponding period last year. Loss for the period attributable to equity holders of the Company increased from HK$4,786,000 in 2006 to HK$7,955,000 in the same period this year largely attributable to the increase in staff salaries and remuneration expense for the period. Such significant increase in staff related expenses was in line with the Group's strategic decision to build a strong sales network and a competent sales team in the PRC before the start of the peak selling season for skincare and cosmetic products which usually begins in late Autumn of every year until the end of Spring of the following year. A comprehensive sales system and a strong sales team will provide a solid foundation for the Group to continuously expand its health and beauty business in the PRC and to enhance its long term shareholders value. The Group has successfully setup regional sales offices in Guangzhou, Beijing and Shanghai to oversee selling and logistic activities in Southern, Northern, and Eastern China respectively. Leveraging on our extensive PRC sales network, Management believes that sales turnover will increase and the overall loss will diminish in the second half of the financial year.

Prospects and Outlook

The Group remains positive about the macro-economic environment for the coming six months, with both Hong Kong and the Mainland China currently benefiting from strong growth in the health and beauty sectors. Expansion for the Group will continue in Mainland China and Hong Kong with plans to increase the geographic coverage of its OEM business to overseas. The Group is currently engaged in negotiations with numerous international personal care and beauty chains to provide private brands of personal care and beauty products. The Group is optimistic about the sales growth in the second half of the financial year with the launch of new campaigns to revamp our flagship "LaVie" skincare brand in Hong Kong and Mainland China as the timing will be opportune to the seasonal factor of the beauty industry to generate a significant proportion of the annual turnover during the winter months.

The Group will continue to leverage on its distribution network, localize sales experience and industry expertise to position and build the Group to become a 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 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 2007, the Group's cash and bank balances were HK$20,748,000 (31st March 2007: HK$21,403,000) while the total borrowings were HK$1,591,000 (31st March 2007: HK$2,408,000). 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 2007.

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 2007, prepaid lease payments and building and bank deposits with respective carrying value of HK$4,764,000 and HK$4,429,000 were pledged to secure the Group's banking facilities. As at 30th September 2007, banking facilities of HK$1,129,000 were utilised.

Foreign Exchange Risk Management

The Group continued 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 were also denominated in Hong Kong Dollars. Therefore, the Board considered that the Group's risk exposure to foreign exchange rate fluctuations is minimal. The Groups 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 2007, the Group had no significant capital commitment.

Contingent Liabilities

As at 30th September 2007, the Group had no significant contingent liabilities.

Human Resources

As at 30th September 2007, the Group had a total of 69 employees. The Group believes its success and long-term growth depends primarily 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 also offered to qualified employees based on individual and Group performance.

OTHER INFORMATION

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 2007, met the code provisions 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 2007.

Remuneration Committee

A Remuneration Committee was established by the Company 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 primarily 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 2007 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 Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The report on review of interim financial information from the auditors is set out in the interim report.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's 2007 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
Nubrands Group Holdings Limited
Kwok Wing Leung, Andy
Chairman

Hong Kong, 24th December 2007

As at the date of this announcement, Mr. Kwok Wing Leung, Andy, Mr. Tse Michael Nam are the executive directors, Mr. Yeung Ting Lap, Derek Emory is a non-executive director and Ms. Chiu Kam Hing, Kathy, Mr. Ho Man Kin, Tony and Mr. Li Kar Fai, Peter are the independent non-executive directors.

* *For identification purpose only*