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## **Golife Concepts Holdings Limited**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8172)**

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**

**(2) VERY SUBSTANTIAL ACQUISITION;**

**(3) ISSUE OF SECURITIES TO CONNECTED PERSON;**

**(4) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION  
IN RESPECT OF THE PROVISION OF FINANCIAL ASSISTANCE  
TO A CONNECTED PERSON;**

**(5) ISSUE OF CONVERTIBLE BONDS;**

**AND**

**(6) RESUMPTION OF TRADING**

Reference is made to the announcement of the Company dated 28 November 2008 in relation to the Open Offer and the Placing.

### **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$100,000,000, divided into 2,000,000,000 Shares, of which 275,926,613 Shares are in issue as at the date of this announcement. The Board proposes to increase the authorised share capital of the Company from HK\$100,000,000, divided into 2,000,000,000 Shares to HK\$1,500,000,000, divided into 30,000,000,000 Shares by the creation of 28,000,000,000 new Shares.

## **VERT SUBSTANTIAL ACQUISITION**

On 26 November 2008, the Company and the Purchaser entered into the Sale and Purchase Agreement with Riche pursuant to which the Purchaser has conditionally agreed to acquire and Riche has conditionally agreed to sell the Sale Shares and the Sale Loans for a total consideration of HK\$211,466,310 subject to adjustment.

The aggregate consideration for the Sale Shares and the Sale Loans shall be settled at Acquisition Completion by the Purchaser in the following manner: (a) HK\$5,884,597 by procuring the Company to allot and issue 117,691,940 CS Consideration Shares credited as fully paid to Riche; (b) HK\$100,000,000 by procuring the Company to issue the CS Convertible Bond to Riche; (c) subject to the adjustment as provided in the Sale and Purchase Agreement, HK\$5,581,713 shall be payable in cash by the Purchaser to Riche; and (d) HK\$100,000,000 by procuring the Company to issue the Promissory Note.

## **ISSUE OF SECURITIES TO CONNECTED PERSON AND CONTINUING CONNECTED TRANSACTION IN RESPECT OF THE CJV PARTNER CORPORATE GUARANTEE**

As at the date of the Sale and Purchase Agreement, the CJV Partner owed to Riche a debt in a sum of HK\$374,677,812.

Under the Sale and Purchase Agreement, for the purpose of repayment of the CJV Partner's Loan, the Purchaser has agreed and undertaken with Riche that the Purchaser shall procure the Company to issue the Settlement Convertible Bond on the day falling on the fifth anniversary of the date of Acquisition Completion to Riche if any part of the CJV Partner's Loan have not been settled. Riche has agreed that upon the issue of the Settlement Convertible Bond to Riche, the CJV Partner's Loan then remaining outstanding shall be deemed to have been repaid and satisfied in full by the CJV Partner.

Also, as part of security to Riche for the CJV Partner's Loan, the Company will provide the CJV Partner's Corporate Guarantee to Riche upon Acquisition Completion for a term of maximum of three financial years of the Company ending 31 December 2011.

Upon Acquisition Completion, Riche will be allotted and issued CS Consideration Shares, representing approximately 29.9% of the issued share capital of the Company as enlarged by the allotment and issue of the CS Consideration Shares. As such, Riche will become a substantial Shareholder and a connected person of the Company. As such, the issue of Settlement Convertible Bond to Riche and the provision of CJV Partner's Corporate Guarantee to Riche will constitute a connected transaction and a continuing connected transaction respectively on the part of the Company and therefore will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Also, the provision of CJV Partner's Corporate Guarantee will constitute a major transaction on the part of the Company. Riche and its associates, if any, will abstain from voting on the resolutions to be proposed in relation to the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee at the EGM. The vote will be taken by poll.

As the amount of the CJV Partner's Corporate Guarantee exceeds 8% under the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules, details of the CJV Partner's Corporate Guarantee are also disclosed in this announcement pursuant to Rule 17.18 of the GEM Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders in connection with the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee. An independent financial adviser will be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in connection with the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee.

#### **EXEMPTED CONTINUING CONNECTED TRANSACTION**

As at the date of the Sale and Purchase Agreement, China Star has provided a guarantee to Hang Seng Bank Limited, Fuzhou Branch in respect of the JV Company's indebtedness, being a loan facility in an outstanding principal sum of RMB281,288,388. The said loan facility is for a term of five years commencing from 11 September 2006 with a fixed repayment schedules by nine instalments.

Pursuant to the Sale and Purchase Agreement, Riche has undertaken with the Purchaser that Riche shall procure China Star to maintain the Hang Seng Guarantee to remain in full force and effect in all respect until the Hang Seng indebtedness are discharged, repaid or settled in full absolutely.

For reasons stated above, China Star will become a connected person of the Company. The provision of Hang Seng Guarantee by China Star to secure the JV Company's indebtedness thus constitutes a continuing connected transaction on the part of the Company. However, as the provision of Hang Seng Guarantee by China Star is a financial assistance provided by China Star as a connected person for the benefit of the Company on a term better to the Company and no security over any assets of the Company is granted by the Company to China Star in respect of the provision of Hang Seng Guarantee, such continuing connected transaction constitutes an exempted connected transaction under Rule 20.65 of the GEM Listing Rules.

## **ISSUE OF BA CONVERTIBLE BONDS AND CSE CONVERTIBLE BONDS**

On 26 November 2008, the Company and the Subscriber entered into the Subscription Agreement in respect of the issue of the BA Convertible Bonds in an aggregate principal amount of HK\$100 million in five tranches of HK\$20 million each due on the date falling on the tenth anniversary of the date of issue of such tranche of the BA Convertible Bonds. Subscription Completion is subject to the conditions as set out in the paragraph headed “Conditions precedent” in the section headed “Subscription Agreement dated 26 November 2008” below. Detailed terms of the BA Convertible Bonds are set out in the paragraph headed “Principal terms of the BA Convertible Bonds” in the section headed “Subscription Agreement dated 26 November 2008” below.

On 26 November 2008, the Company and CSE entered into the CSE Subscription Agreement in respect of the issue of the CSE Convertible Bonds in an aggregate principal amount of HK\$60 million in five tranches of HK\$12 million each due on the date falling on the tenth anniversary of the date of issue of such tranche of the CSE Convertible Bonds. CSE Subscription Completion is subject to the conditions as set out in the paragraph headed “Conditions precedent” in the section headed “CSE Subscription Agreement dated 26 November 2008” below. Detailed terms of the CSE Convertible Bonds are set out in the paragraph headed “Principal terms of the CSE Convertible Bonds” in the section headed “CSE Subscription Agreement dated 26 November 2008” below.

## **GENERAL**

The EGM will be convened at which ordinary resolutions will be proposed (i) to seek approval by the Shareholders of, among other things, the Proposed Increase in Authorised Share Capital, the Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond and the CS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CS Convertible Bond, the issue of Promissory Note, the issue of the BA Convertible Bonds and the BA Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the BA Convertible Bonds and the issue of CSE Convertible Bonds and the CSE Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CSE Convertible Bonds; and (ii) to seek approval by the Independent Shareholders of the issue of Settlement Convertible Bond and the Settlement CB Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Settlement Convertible Bond and the provision of CJV Partner’s Corporate Guarantee and the proposed annual caps for each of the three financial years ending 31 December 2011 in respect of the CJV Partner’s Corporate Guarantee. As at the date of this announcement, there is no Shareholder with material interest in any of the transactions disclosed herein and therefore no Shareholder will be required to abstain from voting on any of the resolutions approving the transactions disclosed herein.

A circular containing further information regarding, among other things, (i) the Proposed Increase in Authorised Share Capital; (ii) Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond and the CS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CS Convertible Bond, the issue of Promissory Note; (iii) the issue of the BA Convertible Bonds and the BA Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the BA Convertible Bonds; (iv) the issue of CSE Convertible Bonds and the CSE Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CSE Convertible Bonds; (v) the issue of the Settlement Convertible Bond and the Settlement CB Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Settlement Convertible Bond; (vi) the provision of CJV Partner's Corporate Guarantee and the proposed annual caps for each of the three financial years ending 31 December 2011 in respect of the CJV Partner's Corporate Guarantee together with (vii) the recommendation of the Independent Board Committee; (viii) the advice of the independent financial adviser to the Independent Board Committee and to the Independent Shareholders; and (ix) the notice of the EGM will be despatched to Shareholders as soon as practicable.

### **RESUMPTION OF TRADING**

Trading in the Shares has been suspended with effect from 2:37 p.m. on 18 November 2008 pending the release of the announcement of the Company dated 28 November 2008 but remain suspended pending release of this announcement. Application has been made for the resumption of trading of the Shares with effect from 9:30 a.m. on 9 December 2008.

Reference is made to the announcement of the Company dated 28 November 2008 in relation to the Open Offer and the Placing.

### **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$100,000,000, divided into 2,000,000,000 Shares, of which 275,926,613 Shares are in issue as at the date of this announcement. The Board proposes to increase the authorised share capital of the Company from HK\$100,000,000, divided into 2,000,000,000 Shares to HK\$1,500,000,000, divided into 30,000,000,000 Shares by the creation of 28,000,000,000 new Shares.

The Proposed Increase in Authorised Share Capital shall be subject to Shareholders' approval at the EGM.

## **VERY SUBSTANTIAL ACQUISITION**

**Date:** 26 November 2008

**Parties:** (1) Vendor : Riche (BVI) Limited  
(2) Purchaser : Mega Shell Services Limited  
(3) Guarantor : The Company

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of Riche and its ultimate beneficial owner is a third party independent of and not connected with the Company and any of its connected persons as defined under the GEM Listing Rules. Riche is an investment holding company.

The Company has guaranteed to Riche the due and punctual performance of the Purchaser of its obligations under the Sale and Purchase Agreement.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and Riche has conditionally agreed to sell the Sale Shares and the Sale Loans, which amount to approximately HK\$46,678,498 as at 31 October 2008.

As at 31 October 2008, Shinhan-Golden and World East are indebted to Riche in the sum of HK\$45,933,722 and HK\$744,776 respectively. The Sale Loans are interest-free and there are no fixed terms of repayment.

### **Consideration**

The Consideration, subject to adjustment, for the sale and purchase of the Sale Shares and Sale Loans shall be satisfied at Acquisition Completion by the Purchaser in the following manner:

- (a) HK\$5,884,597 by procuring the Company to allot and issue 117,691,940 CS Consideration Shares credited as fully paid to Riche;
- (b) HK\$100,000,000 by procuring the Company to issue the CS Convertible Bond to Riche;
- (c) subject to the adjustment as provided in the Sale and Purchase Agreement, HK\$5,581,713 shall be payable in cash by the Purchaser to Riche; and
- (d) HK\$100,000,000 by procuring the Company to issue the Promissory Note.

The Consideration for the Sale Shares and the Sale Loans was agreed between Riche and the Purchaser after arm's length negotiations after considering the preliminary valuation of the Property of approximately RMB800,000,000 as at 31 October 2008 conducted by an independent professional valuer. A formal valuation report on the Property will be included in the circular in relation to the Acquisition to be despatched to the Shareholders pursuant to the GEM Listing Rules. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In the event the Sale Loans as disclosed in the Completion Accounts exceed HK\$46,678,498, the cash payable by the Purchaser to Riche as part of the Consideration shall be increased by the difference between the Sale Loans and HK\$46,678,498. There is no cap on the increased amount in relation the difference between the Sale Loans and HK\$46,678,498. However, it is expected that substantial increase is unlikely.

In the event the Sale Loans as disclosed in the Completion Accounts are less than HK\$46,678,498, the cash payable by the Purchaser to Riche as part of the Consideration shall be decreased by the difference between of the Sale Loans and HK\$46,678,498.

The cash portion of the Consideration will be funded by the net proceeds obtained from the Open Offer and Placing.

### **Conditions precedent**

Completion shall be conditional upon and subject to:

- (a) the Purchaser being satisfied in its absolute discretion with the results of the due diligence review of the assets, liabilities, operations and affairs of the Shinhin-Golden and its subsidiaries, World East and the CJV Partner as the Purchaser may reasonably consider appropriate;
- (b) the passing by the shareholders of China Star eligible to vote and not required to be abstained from voting under the Listing Rules at a special general meeting of China Star to be convened and held of an ordinary resolution(s) to approve:
  - (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and
  - (ii) the financial assistance provided by China Star to JV Company under the Hang Seng Guarantee and the transactions contemplated thereunder;
- (c) the passing by the Shareholders eligible to vote and not required to be abstained from voting under the GEM Listing Rules at the EGM to be convened and held of ordinary resolution(s) to approve:
  - (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the allotment and issue of the CS Consideration Shares, the issue of the Promissory Note, the issue of the CS Convertible Bond and the allotment and issue of the CS Conversion Shares upon conversion of the CS Convertible Bond and the issue of the Settlement Convertible Bond and the allotment and issue of the Settlement CB Conversion Shares upon conversion of the Settlement Convertible Bond);

- (ii) if necessary, the increase of authorised share capital of the Company to such amount as shall allow the Company to allot and issue the CS Consideration Shares, the CS Conversion Shares and the Settlement CB Conversion Shares; and
- (iii) the CJV Partner's Corporate Guarantee and the transactions contemplated thereunder including the annual caps thereof;
- (d) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the CS Consideration Shares, the CS Conversion Shares and the Settlement CB Conversion Shares;
- (e) the obtaining of a valuation report (in the form and substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser showing the value of the Property to be not less than RMB800,000,000;
- (f) completion of the Fund Raising Exercise by the Company;
- (g) the obtaining of a legal opinion issued by PRC lawyers instructed by the Purchaser in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, the title to the Property, the Chen Undertaking and the Liao Undertaking;
- (h) the obtaining of all such necessary consent, release and discharge of Hang Seng Bank Limited, Fuzhou Branch in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder subject to such conditions as required by Hang Seng Bank Limited, Fuzhou Branch as neither Riche nor the Purchaser may reasonably object;
- (i) if necessary, the relevant government or monetary authority granting consent to the allotment and issue of the CS Consideration Shares, the CS Conversion Shares and Settlement CB Conversion Shares; and
- (j) without prejudice to paragraphs (h) and (i) above, all such necessary approval, consents or waiver from relevant government or regulatory authorities in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

All of the conditions, except the condition (a) above which the Purchaser may waive, are not waivable under the Sale and Purchase Agreement. If the conditions have not been satisfied and/or waived on or before 31 May 2009, or such later date as Riche and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

The Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond to Riche, the issue of the Settlement Convertible Bond to Riche and the entering into of the CJV Partner's Corporate Guarantee are conditional upon the Proposed Increase in Authorised Share Capital while the Acquisition, the allotment and issue of CS Consideration Shares, the issue of the CS Convertible Bond to Riche, the issue of the Settlement Convertible Bond to Riche and the entering into of the CJV Partner's Corporate Guarantee are inter-conditional.



The issue of the BA Convertible Bonds and the issue of CSE Convertible Bonds are conditional upon the Proposed Increase in Authorised Share Capital while the issue of BA Convertible Bonds and the issue of CSE Convertible Bonds are not inter-conditional and both issue of BA Convertible Bonds and CSE Convertible Bonds are not inter-conditional upon the Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond to Riche, the issue of Settlement Convertible Bond to Riche and the entering into of the CJV Partner's Corporate Guarantee.

## **Completion**

Completion shall take place at 4:00 p.m. on the date falling three Business Days after the fulfilment (or waiver) of the conditions or such later date as may be agreed between Riche and the Purchaser.

Upon Completion, Shinhan-Golden, World East, the JV Company, the CJV Partner and Beijing Jianguo (BVI) will become subsidiaries of the Company.

The Purchaser has agreed and undertaken to Riche that within one month after the date of Acquisition Completion the Purchaser shall procure the Company to appoint such person as nominated by Riche from time to time as an executive Director. This is a nomination right of Director given to Riche. However, the appointment of new Director is a matter for consideration and decision by the Board. In considering any new Director (including the person nominated by Riche), the Board will take into account the skills, qualification, working experience, professional knowledge, leadership and personal integrity of the candidates. These factors will also apply in relation to the appointment of the Director nominated by Riche.

## **Other important terms**

### ***Heng Sang Guarantee***

As at the date of the Sale and Purchase Agreement, China Star has provided a guarantee to Hang Seng Bank Limited, Fuzhou Branch in respect of the JV Company's indebtedness, being a loan facility in an outstanding principal sum of RMB281,288,388. The said loan facility is for a term of five years commencing from 11 September 2006 with a fixed repayment schedules by nine instalments. RMB30,000,000 has been repaid by three instalments in September 2007, March 2008 and September 2008.

Pursuant to the Sale and Purchase Agreement, Riche has undertaken with the Purchaser that Riche shall procure China Star to maintain the Hang Seng Guarantee to remain in full force and effect in all respect until the Hang Seng indebtedness are discharged, repaid or settled in full absolutely.

Upon Acquisition Completion, Riche will be allotted and issued the CS Consideration Shares, representing approximately 29.9% of the issued share capital of the Company as enlarged by the allotment and issue of the CS Consideration Shares. As such, Riche will become a substantial Shareholder and China Star is the holding company of Riche. As a result, China Star is a connected person of the Company. The provision of Hang Seng Guarantee by China Star to secure the JV Company's indebtedness thus constitutes a continuing connected transaction on the part of the Company. However, as the provision of Hang Seng Guarantee by China Star is financial assistance provided by

China Star as a connected person for the benefit of the Company on a term better to the Company and no security over any assets of the Company is granted by the Company to China Star in respect of the provision of Hang Seng Guarantee, such continuing connected transaction constitutes an exempted connected transaction under Rule 20.65 of the GEM Listing Rules.

***Issue of Settlement Convertible Bond and provision of CJV Partner's Corporate Guarantee***

As at the date of the Sale and Purchase Agreement, CJV Partner owed to Riche a debt in a sum of HK\$374,677,812, which said sum was interest-free and with no fixed term of repayment.

Under the Sale and Purchase Agreement, for the purpose of repayment of the CJV Partner's Loan, the Purchaser has agreed and undertaken with Riche that the Purchaser shall procure the Company to issue the Settlement Convertible Bond on the day falling on the fifth anniversary of the date of Acquisition Completion to Riche if any part of the CJV Partner's Loan have not been settled. Riche has agreed that upon the issue of the Settlement Convertible Bond to Riche, all CJV Partner's Loan then remaining outstanding shall be deemed to have been repaid and satisfied in full by the CJV Partner. Also, as part of security to Riche for the CJV Partner's Loan, the Company will provide the CJV Partner's Corporate Guarantee to Riche upon Acquisition Completion for a term of maximum of three financial years of the Company ended 31 December 2011.

For reasons stated in the paragraph headed "Hang Seng Guarantee" above, Riche will become a connected person of the Company. As such, the issue of Settlement Convertible Bond to Riche and the provision of CJV Partner's Corporate Guarantee to Riche will constitute a connected transaction and a continuing connected transaction respectively on the part of the Company and therefore will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Also, the provision of CJV Partner's Corporate Guarantee will constitute a major transaction on the part of the Company. Riche and its associates, if any, will abstain from voting on the resolutions to be proposed in relation to the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee at the EGM. The vote will be taken by poll.

As the amount of the CJV Partner's Corporate Guarantee exceeds 8% under the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules, details of the CJV Partner's Corporate Guarantee are also disclosed in this announcement pursuant to Rule 17.18 of the GEM Listing

An Independent Board Committee will be established to advise the Independent Shareholders in connection with the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee. An independent financial adviser will be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in connection with the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee.

The Directors consider that the issue of Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **TERM OF CJV PARTNER'S CORPORATE GUARANTEE**

- Parties:**
- (1) The Company as guarantor in favour of
  - (2) Riche (BVI) Limited as lender
- Subject matter:** Under the CJV Partner's Corporate Guarantee, the Company will agree to guarantee in favour of Riche the obligations, liabilities and indebtedness under the CJV Partner's Loan.
- Cap:** The annual caps of the CJV Partner's Corporate Guarantee for each of the three financial years ended 31 December 2011 will be HK\$374,677,812, the maximum outstanding amount of CJV Partner's Loan, respectively.
- Term:** The CJV Partner's Corporate Guarantee will be from the date of Acquisition Completion up to (a) the obligations, liabilities and indebtedness under the CJV Partner's Loan have been fully paid and satisfied; (b) the Company shall have duly performed and discharged its obligations and liabilities thereunder; or (c) 31 December 2011, whichever is the earlier.

## **TERMS OF SETTLEMENT CONVERTIBLE BOND**

The principal terms of the Settlement Convertible Bond are summarised below:

- Issuer:** The Company
- Principal Amount:** Equivalent to the then outstanding CJV Partner's Loan, being a maximum of HK\$374,677,812 assuming no part of the CJV Partner's Loan is being repaid.
- Date of issue and the conditions precedent for its issue:** On the date falling on the fifth anniversary of the date of Acquisition Completion if any part of the CJV Partner's Loan is outstanding.
- Maturity:** A fixed term of ten years from the date of issue the Settlement Convertible Bond. Unless previously redeemed, converted or cancelled, the Company shall redeem the outstanding principal amount of the Settlement Convertible Bond at its then outstanding principal amount, inclusive of interest accrued on the maturity date.
- Interest:** 3% per annum, payable quarterly in arrears.

Redemption:

The Company may at any time upon the date of issue and before the maturity date of the Settlement Convertible Bond, by serving at least seven days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder(s) specified therein, redeem the Settlement Convertible Bond at par.

Any amount of the Settlement Convertible Bond which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount, inclusive of interests as accrued.

Settlement CB Conversion Price:

The Settlement CB Conversion Price is initially HK\$0.05 per Settlement CB Conversion Share (subject to adjustment as per the adjustment mechanism set out in Settlement CB Instrument (i) from the date of the Acquisition Completion to the date immediately before the issue date of the Settlement Convertible Bond; and (ii) from the date of issue of Settlement Convertible Bond). The adjustments are subject to review by the Company's auditors. The adjustments for the Settlement CB Conversion Price include the followings:

- (i) alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) or rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;

- (vi) an issue of Shares wholly for cash at a price per Share which is less than 90% of the market price on the date of announcement of the terms of such issue; and
- (vii) an issue of Shares for acquisition of assets at a total effective consideration per Share which is less than 90% of the market price of the date of the announcement of the terms of such issue.

The initial Settlement CB Conversion Price represents (i) a discount of approximately 18.03% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 18 November 2008, being the last trading day immediately prior to the suspension of trading in the Shares (the “**Last Trading Day**”); (ii) a discount of approximately 43.82% to the average of the closing prices of HK\$0.089 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 53.23% to the average of the closing prices of HK\$0.1069 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

Settlement CB Conversion  
Shares:

Assuming (i) there is no repayment on any part of CJV Partner’s Loan; and (ii) there is an immediate exercise in full of the conversion rights attaching to the Settlement Convertible Bond at the initial Settlement CB Conversion Price by the bondholder(s), the Company will allot and issue an aggregate of 7,493,556,240 new Shares, which is the maximum number of Shares to be issued, representing approximately 2,715.78% of the existing issued share capital of the Company.

The Settlement CB Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Conversion:

The bondholder(s) may at any time from the date of issue of the Settlement Convertible Bond up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the maturity date convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Settlement Convertible Bond into new Shares at the Settlement CB Conversion Price.

Provided that any conversion of the Settlement Convertible Bond (i) does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) and their respective concerted parties which exercised the conversion right; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules, the bondholder(s) shall have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Settlement Convertible Bond into Settlement CB Conversion Shares.

Transferability:	The bondholder(s) may only assign or transfer the Settlement Convertible Bond to the transferee subject to the consent of the Company.  The Company has undertaken to the Stock Exchange that it will promptly notify the Stock Exchange upon becoming aware of any dealings in the Settlement Convertible Bond by any connected person of the Company.
Ranking:	The Settlement CB Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of the allotment and issue of the Settlement CB Conversion Shares.
Status of Settlement Convertible Bond:	The Settlement Convertible Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Voting rights:	The Settlement Convertible Bond does not confer any voting rights at any meetings of the Company.
Application for listing:	No application will be made by the Company for listing of the Settlement Convertible Bond. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement CB Conversion Shares.

## **TERMS OF CS CONVERTIBLE BOND**

The terms of the CS Convertible Bond have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal Amount:	HK\$100,000,000
Maturity:	A fixed term of ten years from the date of issue the CS Convertible Bond. Unless previously redeemed, converted or cancelled, the Company shall redeem the outstanding principal amount of the CS Convertible Bond on the maturity date.
Interest:	The CS Convertible Bond does not carry any interest.
Redemption:	The Company may at any time upon the date of issue and before the maturity date of the CS Convertible Bond, by serving at least seven days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder(s) specified therein, redeem the CS Convertible Bond at par.

Any amount of the CS Convertible Bond which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount.

Conversion Price:

The CS Conversion Price is HK\$0.05 per CS Conversion Share (subject to adjustment). The adjustments are subject to review by the Company's auditors. The adjustments for the CS Conversion Price include the followings:

- (i) no alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) or rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 90% of the market price on the date of announcement of the terms of such issue; and
- (vii) an issue of Shares for acquisition of assets at a total effective consideration per Share which is less than 90% of the market price of the date of the announcement of the terms of such issue.

The CS Conversion Price represents (i) a discount of approximately 18.03% to the closing price of HK\$0.061 per Share as quoted on the Last Trading Day; (ii) a discount of approximately 43.82% to the average of the closing prices of HK\$0.089 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 53.23% to the average of the closing prices of HK\$0.1069 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

CS Conversion Shares: Assuming there is an immediate exercise in full of the conversion rights attaching to the CS Convertible Bond at the CS Conversion Price by the bondholder(s), the Company will allot and issue an aggregate of 2,000,000,000 new Shares, which is the maximum number of Shares to be issued, representing approximately 724.83% of the existing issued share capital of the Company.

The CS Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Conversion: The bondholder(s) may at any time during the CS Conversion Period convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the CS Convertible Bond into the CS Conversion Shares at the CS Conversion Price.

Provided that any conversion of the CS Convertible Bond (i) does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) and their respective concerted parties which exercised the conversion right; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules, the bondholder(s) shall have the right at any time during the CS Conversion Period to convert the whole or part of the outstanding principal amount of the CS Convertible Bond into the CS Conversion Shares.

Transferability: The bondholder(s) may only assign or transfer the CS Convertible Bond to the transferee subject to the consent of the Company.

The Company has undertaken to the Stock Exchange that it will promptly notify the Stock Exchange upon becoming aware of any dealings in the CS Convertible Bond by any connected person of the Company.



Ranking:	The CS Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of the allotment and issue of the CS Conversion Shares.
Status of CS Convertible Bond:	The CS Convertible Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Voting rights:	The CS Convertible Bond does not confer any voting rights at any meetings of the Company.
Application for listing:	No application will be made by the Company for listing of the CS Convertible Bond. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CS Conversion Shares.

## **TERMS OF PROMISSORY NOTE**

The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Parties:	The Company as issuer and Riche as payee
Principal Amount:	HK\$100,000,000
Maturity:	A fixed term of five years from the date of issue of the Promissory Note.  If the Company defaults in repayment on the maturity date of any part of the principal sum, the Company shall pay interest on such overdue sum from the maturity date until payment in full (before and after judgment) at the rate of 10% per annum.
Interest:	The Promissory Note will not carry any interest.
Early repayment:	Provided that the Company has given to Riche not less than ten Business Days' prior notice in writing of its intention to repay any part of the outstanding principal amount of the Promissory Note, the Company may at any time from the date of the issue of the Promissory Note up to the date immediately prior to the maturity date, repay the entire Promissory Note or any part of it (in amounts of not less than HK\$1,000,000) by payment to Riche of the outstanding principal amount of the Promissory Note save that if at that time, the outstanding principal amount of the Promissory Note is less than HK\$1,000,000, the whole (but not part only) of the Promissory Note may be repaid.

Assignment: The Promissory Note may, subject to the ten Business Days' prior written notice to the Company, be transferred or assigned by Riche to any person. The Company will issue an announcement and inform the Stock Exchange if the Promissory Note is transferred or assigned to the connected persons of the Company.

## **TERMS OF CS CONSIDERATION SHARES**

117,691,940 CS Consideration Shares will be allotted and issued at an issue price of HK\$0.05 per CS Consideration Share, credited as fully paid. The CS Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the CS Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The CS Consideration Shares represent (i) approximately 42.65% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 29.90% of the issued share capital of the Company as enlarged by the allotment and issue of the CS Consideration Shares.

The Issue Price represents (i) a discount of approximately 18.03% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 43.82% to the average of the closing prices of approximately HK\$0.089 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 53.23% to the average of the closing prices of HK\$0.1069 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

### **Application for listing**

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CS Consideration Shares.

### **Issue under specific mandate**

The CS Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

## **FINANCIAL INFORMATION ON THE TARGET GROUP**

According to the unaudited consolidated accounts of Shinhan-Golden and its subsidiaries for the year ended 31 December 2007 and the six months ended 30 June 2008 which were prepared in accordance with the Hong Kong Financial Reporting Standards, the unaudited consolidated net assets value of Shinhan-Golden and its subsidiaries as at 31 December 2007 and 30 June 2008 were approximately HK\$250,659,000 and HK\$257,945,000 respectively. The unaudited consolidated profit before and after taxation for the year ended 31 December 2007 were both approximately HK\$78,495,000. The unaudited consolidated loss before and after taxation for the six months ended 30 June 2008 were approximately HK\$4,904,000 and HK\$9,944,000 respectively.

According to the unaudited consolidated accounts of World East and its subsidiary for the year ended 31 December 2007 and the six months 30 June 2008 which were prepared in accordance with the Hong Kong Financial Reporting Standards, the unaudited consolidated net assets value of World East and its subsidiary as at 31 December 2007 and 30 June 2008 were approximately HK\$1,560,000 and HK\$20,965,000 respectively. The unaudited consolidated loss before and after taxation for the year ended 31 December 2007 were both approximately HK\$194,000. The unaudited consolidated loss before and after taxation for the six months ended 30 June 2008 were both approximately HK\$93,000.

The Sale Shares comprise the entire issued share capital of Shinhan-Golden and World East. Shinhan-Golden is an investment holding vehicle which holds 96.7% of the registered capital of the JV Company. Shinhan-Golden also owns the entire issued share capital of Beijing Jianguo (BVI), which is a dormant company with no business operation. Except the aforesaid, Shinhan-Golden has no other business.

The remaining 3.3% registered capital of the JV Company is held by the CJV Partner. The CJV Partner is owned as to 49% by Liao and 51% by Chen. Each of Chen and Liao has by an undertaking dated 3 July 2003 as supplemented by a supplemental undertaking dated 7 November 2003 undertaken to World East to transfer their respective interests in the registered capital of the CJV Partner to World East at a price with reference to valuation of such respective registered capital when the laws in the PRC allow foreign investors to own more than 51% in the registered capital of the CJV Partner. As advised by the PRC lawyers, the foreign investment in CJV Partner is not allowed at the moment. No valuation on the respective registered capital of the CJV Partner has been done and therefore the price of transfer of registered capital in the CJV Partner cannot be estimated at this stage. Other than holding the Chen Undertaking and the Liao Undertaking, World East has no other business.

Pursuant to the Chen Undertaking and the Liao Undertaking, the owners of the registered capital of the CJV Partner have undertaken to World East to transfer to World East or its designated entity at a price with reference to valuation on the CJV Partner's registered capital when the laws in the PRC allow foreign investors to own more than 51% in the registered capital of the CJV Partner. As World East has full power to govern the financial and operation policies of the CJV Partner so as to obtain benefits from the CJV Partner, World East has regarded itself to have control over the CJV Partner and the CJV Partner is treated a subsidiary of World East. As a result, the CJV Partner's results are fully consolidated into that of World East.

The JV Company is the registered and beneficial owner of the Property located in Inner Jianggou Gate of Dongcheng District, Beijing, the PRC with the land use right certificate number Shi Dong Zhong Wai Guo Yong (97) Zi Di no. 00347. The Property has been transformed into a high-end serviced apartment for rental purpose and presents 208 sophisticated residence with one to three bedroom layouts and duplex suites, a vast clubhouse with sports, recreation and children's facilities and a large private garden. The Property has commenced operation in late June 2008 and is managed by SHAMA, one of the leading providers of boutique serviced apartments in the Hong Kong real estate market and an Independent Third Party.

## REASONS FOR THE ACQUISITION

The Company's principal activity is investment holding. The principal activity of its subsidiaries is distribution of high-end apparel and accessories.

The Directors consider that the Acquisition will provide a good opportunity for the Group to expand its business into property investment in the PRC. Given the Property is located in the centre of Beijing City and there is strong demand for high-end serviced apartments, the Directors foresee that the demand for the service apartments of the Property will meet such demand. It is expected that the Acquisition will provide a stable income to the Group and diversify the earning bases of the Group.

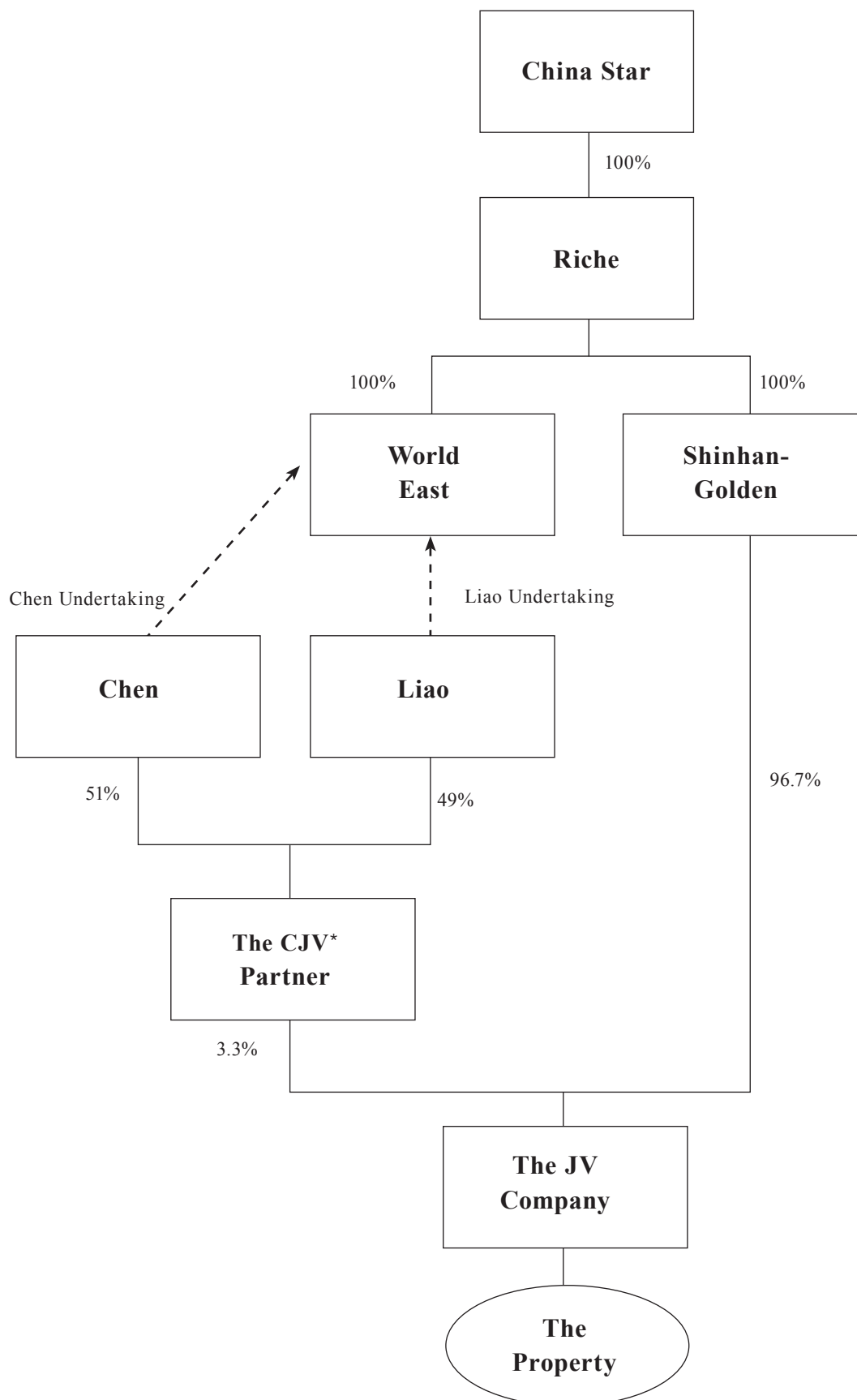
As the Property has commenced its operation in late June 2008 and a management company is in place, the Group will immediately record the revenue generated from the Property upon the Acquisition Completion without employing any resources, the Board is of the view that the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Board is of the opinion that the issue price of the CS Consideration Shares, the CS Conversion Price and the Settlement CB Conversion Price are fair and reasonable on the following basis:

- (a) the issue of the CS Consideration Shares, the CS Conversion Price and the Settlement CB Conversion Price represent a discount of approximately 18.03% to the closing price of the Shares on the Last Trading Date prior to the signing of the Sale and Purchase Agreement, which is less than 20%;
- (b) the CS Convertible Bond does not carry any interest and the discount on the CS Conversion Price represents the interest components of the respective bonds; and
- (c) the CJV Partner's Loan does not carry any interest during the first five years and the discounts on the initial Settlement CB Conversion Price and the issue price of the CS Consideration Shares represent the interest component of the CJV Partner's Loan for the said five years.

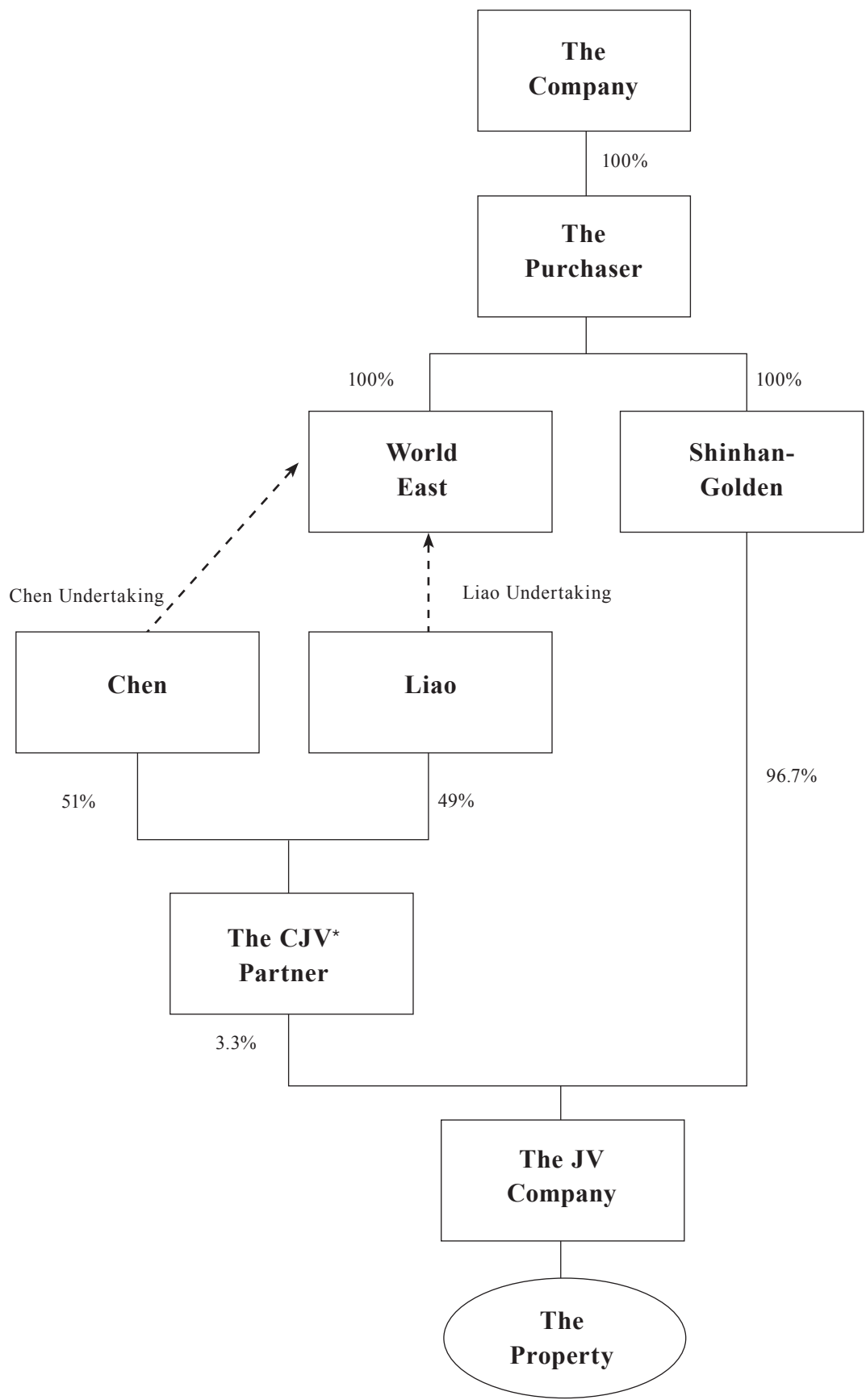
## CHANGE OF SHAREHOLDING STRUCTURE OF RELEVANT ENTITIES

The diagram below shows the shareholdings structure of the relevant entities immediately before Acquisition Completion:



\* The CJV Partner is treated as a subsidiary of World East

The diagram below shows the shareholdings structure of the relevant entities immediately after Acquisition Completion:



\* The CJV Partner is treated as a subsidiary of World East

## **SUBSCRIPTION AGREEMENT DATED 26 NOVEMBER 2008**

### **1) Parties**

Issuer: the Company

Subscriber: the Subscriber

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save that (1) Mr. Lai Hok Lim, an executive Director, was an independent non-executive director of the Subscriber until his resignation on 10 November 2008; and (2) Ms. Chan Mei Sau Teresina, the spouse of an executive director of the Subscriber, Mr. Cheung Kwok Wai, Elton, holds convertible bonds of the Company in an aggregate amount of HK\$38.2 million, full conversion of which will amount to 313,684,210 new Shares, representing approximately 113.68% of the existing issued share capital of the Company, each of the Subscriber and its beneficial owners is independent of and not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates or its connected persons and is not a connected person of the Company. The Subscriber and its subsidiaries are principally engaged in the provision of film production services, production of television movies, investment in film productions and worldwide film distribution and property investment.

### **2) Principal terms of the BA Convertible Bonds**

Principal amount: In a maximum aggregate sum of HK\$100 million which will be issued by the Company in five tranches of HK\$20,000,000 each at the aggregate price of HK\$100 million, being 100% of the face value of the BA Convertible Bonds.

Interest rate: The BA Convertible Bonds shall not carry any interest.

Maturity date: Unless previously redeemed, repurchased and cancelled or converted, any outstanding BA Convertible Bonds shall be redeemed on the date falling on the tenth anniversary of the date of issue of relevant tranche of the BA Convertible Bonds.

Ranking: The BA Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

- Early redemption: The Company may at any time upon the date of issue and before the maturity date of the BA Convertible Bonds, by serving at least seven days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder(s) specified therein, redeem the BA Convertible Bonds at par.
- Any amount of the BA Convertible Bonds which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount.
- Conversion: Provided that any conversion of the BA Convertible Bonds (i) does not trigger off a mandatory offer under rule 26 of the Code on the part of the Subscriber and its party(ies) acting in concert as defined under the Code; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules, the Subscriber will have the right to convert the whole or part of the principal amount of the BA Convertible Bonds into the BA Conversion Shares at any time and from time to time, from the date of issue of the BA Convertible Bonds in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion.
- Conversion price: The conversion price is initially HK\$0.05 per BA Conversion Share, subject to adjustment for, among other matters, subdivision or consolidation of Shares, rights issue, extraordinary stock or cash distribution, and other dilutive events (which are the standard anti-dilution adjustment) (i) from the date of the EGM to the date immediately before the issue date of the BA Convertible Bonds; and (ii) from the date of issue of the BA Convertible Bonds. The initial conversion price represents:
- (i) a discount of 18.03% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on the Last Trading Day;
  - (ii) a discount of approximately 43.82% to the average of the closing prices of HK\$0.089 per Share for the last five trading days up to and including the Lasting Trading Day; and
  - (iii) a discount of approximately 53.23% to the average of the closing price of HK\$0.1069 per Share for the last ten trading days up to and including the Lasting Trading Day.
- Voting: The Subscriber will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the BA Convertible Bonds.



Transfer: The bondholder(s) may only assign or transfer the BA Convertible Bonds to the transferee subject to the consent of the Company.

The Company has undertaken to the Stock Exchange that it will promptly notify the Stock Exchange upon becoming aware of any dealings in the BA Convertible Bonds by any connected person of the Company.

Based on the conversion price of HK\$0.05 per BA Conversion Share, a maximum number of 2,000,000,000 BA Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the BA Convertible Bonds in full, which represent: (i) approximately 724.83% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 87.88% of the issued share capital of the Company as enlarged by the allotment and issue of the BA Conversion Shares upon the exercise in full of the conversion rights attaching to the BA Convertible Bonds.

The BA Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the BA Conversion Shares.

No application will be made for listing of, or permission to deal in, the BA Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the BA Conversion Shares.

### **3) Conditions precedent**

Completion is conditional upon the fulfillment of the following conditions precedent:

- (a) the GEM Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Subscriber have no reasonable objection) listing of and permission to deal in the BA Conversion Shares;
- (b) if necessary, the Shareholders having approved at the EGM the transactions contemplated in the Subscription Agreement and the issue of the BA Convertible Bonds and the allotment and issue of the BA Conversion Shares upon the exercise of the conversion rights or otherwise pursuant to the conditions of the BA Convertible Bonds;
- (c) if necessary, the shareholders of the Subscriber having approved at an extraordinary general meeting of the shareholders of the Subscriber the transactions contemplated in the Subscription Agreement and the subscription of the BA Convertible Bonds;
- (d) there being no event existing or having occurred and no condition being in existence which would be (after the issue of the BA Convertible Bonds) an event of default under the BA Convertible Bonds and no event or act having occurred which, with the giving of notices, or the lapse of time, or both, would (after the issue of the BA Convertible Bonds), constitute such an event of default;

- (e) the Subscriber being satisfied in its absolute discretion with the results of the due diligence review to be conducted on the assets, liabilities, affairs and operations of the Group;
- (f) the representations and warranties given by the Company to the Subscriber under the Subscription Agreement remaining true, accurate and complete in all material respects; and
- (g) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereby having been obtained.

If any of the above conditions are not fulfilled on or before the date falling 180 days from the date of the Subscription Agreement or such other date as the Company and the Subscriber may agree, the Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches thereof.

#### **4) Completion**

Subscription Completion shall take place on the date as specified in the Subscription Completion Notice for each tranche of the Subscription which in any event shall not be later than (i) seven (7) days after the date the Subscription Completion Notice or (ii) the date falling on the last day of the Subscription Period (whichever is earlier).

Subject to the fulfillment of the conditions precedent set out in the sub-section headed “Conditions precedent” under the section headed “Subscription Agreement dated 26 November 2008”, Subscription may be demanded by the Company by serving on the Subscriber a Subscription Completion Notice for the relevant tranche of the Subscription at any time during the Subscription Period. The Subscription Completion Notice shall specify the completion date of such tranche of Subscription, which, once given, may not be withdrawn without the prior written consent of the Subscriber.

Subscription Completion Notices for all five tranches of the Subscription shall be served by the Company to the Subscriber on or before the expiry of the Subscription Period. Should there be a failure on the part of the Company to fulfill the aforementioned obligation, the Subscription shall be terminate and the Subscription for the remaining portion of the BA Convertible Bonds will not proceed and all obligations and liabilities of the parties under the Subscription Agreement shall forthwith cease and determine and party thereto shall have any claim against the others (save for any antecedent breaches thereof)

#### **5) Termination**

The Subscription Agreement may, as agreed in writing by the parties thereto, be terminated at any time prior to the payment in full of the maximum aggregated subscription price of HK\$100 million to the Company, and the Subscription for the remaining portion of the BA Convertible Bonds shall not proceed and all obligations and liabilities of the parties thereunder shall forthwith cease and determine and neither party shall have any claim against the others (save for any antecedent breaches thereof and the obligations and liabilities of the parties thereto under any BA Convertible Bonds issued prior to such termination).

Without prejudice to the said termination, the Subscriber may, by notice to the Company given at any time prior to payment of the Subscription Price for the BA Convertible Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

In the absolute opinion of the Subscriber, the success of the Subscription would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Subscriber materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Subscription; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Subscriber materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Subscription; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Subscriber is likely to materially or adversely affect the success of the Subscription or otherwise makes it inexpedient or inadvisable to proceed with the Subscription; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive business days, excluding any suspension in connection with the clearance of the announcement, the circular or other documents in connection with the Subscription; or
- (vi) any material breach of any of the representations, warranties or undertakings contained in the Subscription Agreement comes to the knowledge of the Subscriber.

In the event that the Subscriber terminates the Subscription Agreement, the obligations of all parties under the Subscription Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## **CSE SUBSCRIPTION AGREEMENT DATED 26 NOVEMBER 2008**

### **1) Parties**

Issuer: the Company

Subscriber: CSE

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the CSE and its beneficial owners is independent of and not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates or its connected persons and is not a connected person of the Company. CSE is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, and the provision of post-production services, investing in operations which receive the profit streams from the gaming promotion business and property and hotel investment.

### **2) Principal terms of the CSE Convertible Bonds**

Principal amount: In a maximum aggregate sum of HK\$60 million which will be issued by the Company in the maximum of five tranches of HK\$12,000,000 each at the aggregate price of HK\$60 million, being 100% of the face value of the CSE Convertible Bonds.

Interest rate: The CSE Convertible Bonds shall not carry any interest.

Maturity date: Unless previously redeemed, repurchased and cancelled or converted, any outstanding CSE Convertible Bonds shall be redeemed on the date falling on the tenth anniversary of the date of issue of relevant tranche of the CSE Convertible Bonds.

- Ranking:** The CSE Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
- Early redemption:** The Company may at any time upon the date of issue and before the maturity date of the CSE Convertible Bonds, by serving at least seven days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder(s) specified therein, redeem the CSE Convertible Bonds at par.
- Any amount of the CSE Convertible Bonds which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount.
- Conversion:** Provided that any conversion of the CSE Convertible Bonds (i) does not trigger off a mandatory offer under rule 26 of the Code on the part of CSE and its party(ies) acting in concert as defined under the Code; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules, CSE will have the right to convert the whole or part of the principal amount of the CSE Convertible Bonds into the CSE Conversion Shares at any time and from time to time, from the date of issue of the CSE Convertible Bonds in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion.
- Conversion price:** The conversion price is initially HK\$0.05 per CSE Conversion Share, subject to adjustment for, among other matters, subdivision or consolidation of Shares, rights issue, extraordinary stock or cash distribution, and other dilutive events (which are the standard anti-dilution adjustment) (i) from the date of the EGM to the date immediately before the issue date of the CSE Convertible Bonds; and (ii) from the date of issue of the CSE Convertible Bonds. The initial conversion price represents:
- (i) a discount of 18.03% to the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on the Last Trading Day;
  - (ii) a discount of approximately 43.82% to the average of the closing prices of HK\$0.089 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
  - (iii) a discount of approximately 53.23% to the average of the closing price of HK\$0.1069 per Share for the last ten trading days up to and including the Last Trading Day.

Voting: CSE will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the CSE Convertible Bonds.

Transfer: The bondholder(s) may only assign or transfer the CSE Convertible Bonds to the transferee subject to the consent of the Company.

The Company has undertaken to the Stock Exchange that it will promptly notify the Stock Exchange upon becoming aware of any dealings in the CSE Convertible Bonds by any connected person of the Company.

Based on the conversion price of HK\$0.05 per CSE Conversion Share, a maximum number of 1,200,000,000 CSE Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the CSE Convertible Bonds in full, which represent: (i) approximately 434.90% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 81.31% of the issued share capital of the Company as enlarged by the allotment and issue of the CSE Conversion Shares upon the exercise in full of the conversion rights attaching to the CSE Convertible Bonds.

The CSE Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the CSE Conversion Shares.

No application will be made for listing of, or permission to deal in, the CSE Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CSE Conversion Shares.

### **3) Conditions precedent**

Completion is conditional upon the fulfillment of the following conditions precedent:

- (a) the GEM Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and CSE have no reasonable objection) listing of and permission to deal in the CSE Conversion Shares;
- (b) if necessary, the Shareholders having approved at the EGM the transactions contemplated in the CSE Subscription Agreement and the issue of the CSE Convertible Bonds and the allotment and issue of the CSE Conversion Shares upon the exercise of the conversion rights or otherwise pursuant to the conditions of the CSE Convertible Bonds;
- (c) if necessary, the shareholders of CSE having approved at a special general meeting of the shareholders of CSE the transactions contemplated in the CSE Subscription Agreement and the subscription of the CSE Convertible Bonds;

- (d) there being no event existing or having occurred and no condition being in existence which would be (after the issue of the CSE Convertible Bonds) an event of default under the CSE Convertible Bonds and no event or act having occurred which, with the giving of notices, or the lapse or time, or both, would (after the issue of the CSE Convertible Bonds), constitute such an event of default;
- (e) CSE being satisfied in its absolute discretion with the results of the due diligence review to be conducted on the assets, liabilities, affairs and operations of the Group;
- (f) the representations and warranties given by the Company to CSE under the CSE Subscription Agreement remaining true, accurate and complete in all material respects; and
- (g) all necessary consents and approvals required to be obtained on the part of the Company and CSE in respect of the CSE Subscription Agreement and the transactions contemplated thereby having been obtained.

If any of the above conditions are not fulfilled on or before the date falling 180 days from the date of the CSE Subscription Agreement or such other date as the Company and CSE may agree, the CSE Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches thereof.

#### **4) Completion**

CSE Subscription Completion shall take place on the date as specified in the CSE Subscription Completion Notice for each tranche of the CSE Subscription which in any event shall not be later than (i) seven (7) days after the date the CSE Subscription Completion Notice or (ii) the date falling on the last day of the CSE Subscription Period (whichever is earlier).

Subject to the fulfillment of the conditions precedent set out in the sub-section headed “Conditions precedent” under the section headed “CSE Subscription Agreement dated 26 November 2008”, CSE Subscription may be demanded by the Company by serving on CSE a CSE Subscription Completion Notice for the relevant tranche of the CSE Subscription at any time during the CSE Subscription Period. The CSE Subscription Completion Notice shall specify the completion date of such tranche of CSE Subscription, which, once given, may not be withdrawn without the prior written consent of CSE.

CSE Subscription Completion Notices for all five tranches of the CSE Subscription shall be served by the Company to CSE on or before the expiry of the CSE Subscription Period. Should there be a failure on the part of the Company to fulfill the aforementioned obligation, the CSE Subscription shall be terminate and the CSE Subscription for the remaining portion of the CSE Convertible Bonds will not proceed and all obligations and liabilities of the parties under the CSE Subscription Agreement shall forthwith cease and determine and party thereto shall have any claim against the others (save for any antecedent breaches thereof).

## 5) Termination

The CSE Subscription Agreement may, as agreed in writing by the parties thereto, be terminated at any time prior to the payment in full of the maximum aggregated subscription price of HK\$60 million to the Company, and the CSE Subscription for the remaining portion of the CSE Convertible Bonds shall not proceed and all obligations and liabilities of the parties thereunder shall forthwith cease and determine and neither party shall have any claim against the others (save for any antecedent breaches thereof and the obligations and liabilities of the parties thereto under any CSE Convertible Bonds issued prior to such termination).

Without prejudice to the said termination, CSE may, by notice to the Company given at any time prior to payment of the CSE Subscription Price for the CSE Convertible Bonds to the Company, terminate the CSE Subscription Agreement in any of the following circumstances:

In the absolute opinion of CSE, the success of the CSE Subscription would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of CSE materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the CSE Subscription; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of CSE materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the CSE Subscription; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of CSE is likely to materially or adversely affect the success of the CSE Subscription or otherwise makes it inexpedient or inadvisable to proceed with the CSE Subscription; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive business days, excluding any suspension in connection with the clearance of the announcement, the circular or other documents in connection with the CSE Subscription; or



- (vi) any material breach of any of the representations, warranties or undertakings contained in the CSE Subscription Agreement comes to the knowledge of CSE.

In the event that CSE terminates the CSE Subscription Agreement, the obligations of all parties under the CSE Subscription Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## **REASON FOR THE ISSUE OF BA CONVERTIBLE BONDS AND CSE CONVERTIBLE BONDS AND USE OF PROCEEDS**

The Directors consider the BA Convertible Bonds and the CSE Convertible Bonds represent standby credit facilities to the Company, which allow the Company to raise additional funds for its general working capital and/or to repay its borrowings as and when need. In addition, the Directors consider that the issue of the BA Convertible Bonds and/or the issue of CSE Convertible Bonds are appropriate means of raising additional funds for the Company since they will not have an immediate dilution effect on the shareholding of the existing Shareholders. The net proceeds from the issue of the BA Convertible Bonds and the CSE Convertible Bonds in full amount to approximately HK\$100 million and HK\$60 million respectively.

The Directors consider that the terms of the Subscription Agreement and CSE Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber and CSE, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Board is of the opinion that the conversion prices of the BA Convertible Bonds and the CSE Convertible Bonds are fair and reasonable as the BA Convertible Bonds and the CSE Convertible Bonds do not carry any interest and the discounts on the conversion prices represent the interest components of the respective bonds.

## **DILUTION EFFECT ON SHAREHOLDING**

In view of the future dilution to existing Shareholders on the exercise of the conversion rights attached to the CS Convertible Bond, the Settlement Convertible Bond, the BA Convertible Bonds and the CSE Convertible Bonds, the Company will keep Shareholders informed of the level of dilution and details of conversion as follows:

- (a) the Company will make a monthly announcement (the “**Monthly Announcement**”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth Business Day following the end of each calendar month and will include the following details in a table form:
  - (i) whether there is any conversion of such bond(s) during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
  - (ii) the outstanding principal amount of such bond(s) after the conversion, if any;

- (iii) the total number of new Shares issued pursuant to other transactions during the relevant month, including new Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
  - (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the such bond(s) reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of such bond(s) (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (a) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of such bond(s) (as the case may be), up to the date on which the total amount of Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of such bond(s) (as the case may be); and
- (c) if the Company forms the view that any issue of conversion shares will trigger the disclosure requirements under Rule 17.10 of the GEM Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to such bond(s) as mentioned in (a) and (b) above.

With effect from 1 January 2009, the Company will comply with the GEM Listing Rules and in particular Rule 17.27A and 17.27B of the GEM Listing Rules in relation to the conversion of such bonds in substitution for the Monthly Announcement as referred to in (a) and (b) above.

#### **RELATIONSHIP AMONG CHINA STAR, THE SUBSCRIBER AND CSE**

As at the date of this announcement:

1. Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany (the spouse of Mr. Heung Wah Keung) and Mr. Ho Wai Chi, Paul are directors of CSE and China Star;
2. Classical Statue Limited is holding:
  - a. 58,360,612 shares in China Star, representing approximately 29.9% of the issued share capital of China Star; and
  - b. 10,909,090 shares in the Subscriber, representing approximately 8.68% of the issued share capital of the Subscriber, and a convertible bond in an outstanding principal amount of HK\$1,000,000 conferring rights to convert a total of 518,134 shares in the Subscriber on the basis of an adjusted conversion price of HK\$1.93 per a share in the Subscriber;

Classical Statue Limited is wholly owned by Glenstone Investments Limited, which in turn is owned as to 60% by Porterstone Limited and as to 40% by Mr. Heung Wah Keung. Porterstone Limited is wholly owned by Ms. Chen Ming Yin, Tiffany;

3. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany together with their respective associates are collectively interested in 112,866,911 shares in CSE, representing approximately 25.41% of the issued share capital of CSE;
4. on 21 December 2007, a service agreement was entered into between Creative Formula Limited, a wholly-owned subsidiary of the Subscriber, and China Star HK Entertainment Co. Ltd. (“**China Star HK**”), a wholly-owned subsidiary of CSE, and pursuant to which China Star HK shall provide certain services, including the provision of the lead actor for the motion picture to be created by Creative Formula Limited and the procurement to provide professional services in relation to post-production of the film to Creative Formula Limited, for a total consideration of HK\$4,500,000 (details of which have been announced in an announcement of the Subscriber dated 28 December 2007); and
5. on 1 August 2007, Legend Rich Limited, a wholly-owned subsidiary of China Star, CSE and China Star entered into a conditional sale and purchase agreement in relation to a proposed acquisition of a 100% interest in Exceptional Gain Profits Limited and a sale loan from CSE at a consideration of HK\$447,000,000 satisfied by the issue of a convertible note by China Star. The major asset of Exceptional Gain Profits Limited is its 50% equity interest in Kingsway Hotel (details of which have been announced in an announcement of China Star dated 8 August 2007). As at the date of this announcement, the proposed acquisition by Legend Rich Limited has not yet been completed.

## SHAREHOLDING STRUCTURE

The shareholding structure of the Company (1) as at the date of this announcement; (2) after completion of the Placing; (3) after completion of the Placing and completion of the Open Offer; (4) after completion of the Placing, completion of the Open Offer and the allotment and issue of CS Consideration Shares; (5) after completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares and full conversion of the CS Convertible Bond; (6) after completion of the Placing, completion of the Open Offer, allotment and issue of CS Consideration Shares and conversion of CS Convertible Bond, which does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; (7) after completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of the CS Convertible Bond and full conversion of the BA Convertible Bonds; (8) assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond and conversion of BA Convertible Bonds such that conversion of respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; (9) after completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of the CS Convertible Bond, full conversion of the BA Convertible Bonds and full conversion of Settlement Convertible Bond; (10) assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds and conversion of Settlement Convertible Bond such that conversion of the respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; (11) assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of CS Convertible Bond, full conversion of BA Convertible Bonds, full conversion of Settlement

Convertible Bond and full conversion of CSE Convertible Bonds; (12) assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds, conversion of Settlement Convertible Bond and conversion of CSE Convertible Bonds such that conversion of respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; (13) assuming completion of the Placing, completion of the Open Offer, allotment and issue of CS Consideration Shares, full conversion of CS Convertible Bond, full conversion of BA Convertible Bonds, full conversion of Settlement Convertible Bond, full conversion of CSE Convertible Bonds and full conversion of Other Convertible Bonds; and (14) assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds, conversion of Settlement Convertible Bond, conversion of CSE Convertible Bonds and conversion of Other Convertible Bonds such that the public float of the Company maintains a minimum of 25% of the issued share capital of the Company are as follows:

Shareholder	At the date of this announcement		After completion of the Placing		After completion of the Placing and completion of the Open Offer		After completion of the Placing, completion of the Open Offer and the allotment and issue of CS Consideration Shares		After completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares and full conversion of CS Convertible Bond (Note 2) (For illustrative purpose only)		After completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares and conversion of CS Convertible Bond, which does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties (For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of CS Convertible Bond and full conversion of BA Convertible Bonds (Note 2) (For illustrative purpose only)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		percentage		percentage		percentage		percentage		percentage		percentage		percentage
Gouw Hiap Kian (Note 1)	68,732,000	24.91%	68,732,000	20.90%	96,224,800	20.90%	96,224,800	16.64%	96,224,800	3.73%	96,224,800	14.63%	96,224,800	2.10%
Goldig Investment Group Limited (Note 1)	13,500,000	4.89%	13,500,000	4.10%	18,900,000	4.10%	18,900,000	3.27%	18,900,000	0.73%	18,900,000	2.87%	18,900,000	0.41%
Subscriber	—	—	—	—	—	—	—	—	—	—	—	—	2,000,000,000	43.69 % (Note 2)
CSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Riche	—	—	—	—	—	—	117,691,940	20.36%	2,117,691,940	82.14%	197,262,002	29.99%	2,117,691,940	46.26%
Chan Mei Sau, Teresina (Note 3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public	193,694,613	70.20%	246,694,613	75.00%	345,372,458	75.00%	345,372,458	59.73%	345,372,458	13.40%	345,372,458	52.51%	345,372,458	7.54%
Total	275,926,613	100%	328,926,613	100%	460,497,258	100%	578,189,198	100%	2,578,189,198	100%	657,759,260	100%	4,578,189,198	100%

Shareholder	Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond and conversion of BA Convertible Bonds such that conversion of respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties (for illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of BA Convertible Bonds and full conversion of Settlement Convertible Bond (Note 2)(For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds and conversion of Settlement Convertible Bond such that conversion of the respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties (For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of CS Convertible Bond, full conversion of BA Convertible Bonds, full conversion of Settlement Convertible Bond and full conversion of CSE Convertible Bonds (Note 2)(For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds, conversion of Settlement Convertible Bond and conversion of CSE Convertible Bonds such that conversion of respective bonds do not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties (For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, full conversion of CS Convertible Bond, full conversion of BA Convertible Bonds, full conversion of Settlement Convertible Bond, full conversion of CSE Convertible Bonds and full conversion of Other Convertible Bonds (Note 2)(For illustrative purpose only)		Assuming completion of the Placing, completion of the Open Offer, the allotment and issue of CS Consideration Shares, conversion of CS Convertible Bond, conversion of BA Convertible Bonds, conversion of Settlement Convertible Bond, conversion of CSE Convertible Bonds and conversion of Other Convertible Bonds such that the public float of the Company maintains a minimum of 25% of the issued share capital of the Company		
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares
Gouw Hiap Kian (Note 1)	96,224,800	10.45%	96,224,800	0.79%	96,224,800	10.45%	96,224,800	0.73%	96,224,820	6.28%	96,224,800	0.71%	96,224,800	6.97%	
Goldig Investment Group Limited (Note 1)	18,900,000	2.05%	18,900,000	0.16%	18,900,000	2.05%	18,900,000	0.14%	18,900,000	1.23%	18,900,000	0.14%	18,900,000	1.37%	
Subscriber	276,107,808	29.99% (Note 4)	2,000,000,000	16.57%	184,061,183	19.99% (Note 5)	2,000,000,000	15.07%	268,546,242	17.51%	2,000,000,000	14.72%	168,894,591	12.22%	
CSE	—	—	—	—	—	—	1,200,000,000	9.04%	459,883,874	29.99%	1,200,000,000	8.83%	168,894,591	12.22%	
Riche	184,061,183	19.99% (Note 4)	9,611,248,180	79.62%	276,107,808	29.99% (Note 5)	9,611,248,180	72.42%	306,538,135	19.99%	9,611,248,180	70.75%	414,308,800	29.99%	
Chan Mei Sau, Teresina (Note 3)	—	—	—	—	—	—	—	—	—	—	313,684,210	2.31%	168,894,592	12.23%	
Public	345,372,458	37.52%	345,372,458	2.86%	345,372,458	37.52%	345,372,458	2.60%	383,364,351	25%	345,372,458	2.54%	345,372,458	25%	
<b>Total</b>	<b>920,666,249</b>	<b>100%</b>	<b>12,071,745,438</b>	<b>100%</b>	<b>920,666,249</b>	<b>100%</b>	<b>13,271,745,438</b>	<b>100%</b>	<b>1,533,457,402</b>	<b>100%</b>	<b>13,585,429,648</b>	<b>100%</b>	<b>1,381,489,832</b>	<b>100%</b>	

## Notes

- (1) As at the date of this announcement, under the Securities and Futures Ordinance, Goldig Investment Group Limited is deemed to be interested in 56,000,000 Shares through its interest in the convertible bonds in the principal amount of HK\$7,000,000 issued by the Company. Adding the 13,500,000 Shares it beneficially owns, Goldig Investment Group Limited is deemed to be interested in an aggregate of 69,500,000 Shares. Goldig Investment Group Limited is a wholly owned subsidiary of Chung Chiu (PTC) Limited (formerly known as “Chung Chiu Limited”), which in turn is wholly owned by a discretionary trust. The founder of the discretionary trust is Gouw Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the Securities and Futures Ordinance, Chung Chiu (PTC) Limited, Gouw Hiap Kian and HSBC International Trustee Limited are deemed to be interested in the 69,500,000 underlying Shares held by Goldig Investment Group Limited.

- (2) For illustrative purpose only, such scenario shall never occur. Pursuant to the terms of the CS Convertible Bond, the BA Convertible Bonds, the CSE Convertible Bonds and the Settlement Convertible Bond, conversion of the CS Convertible Bond, the BA Convertible Bonds, the CSE Convertible Bonds, or as the case may be, the Settlement Convertible Bond is restricted that any conversion of the CS Convertible Bond, the BA Convertible Bonds, the CSE Convertible Bonds, or as the case may be, the Settlement Convertible Bond (i) does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules .
- (3) Ms. Chan Mei Sau, Teresina has undertaken not to exercise the conversion rights attaching to the convertible bonds in an aggregate principal amount of HK\$38,200,000 if such conversion will cause her shareholding interest in the Company, together with the shareholding interest of the parties acting in concert with her in the Company, equal to or exceed 30% of the Shares in issue following such conversion unless Ms. Chan Mei Sau, Teresina is willing to make a general offer to all Shareholders pursuant to the Hong Kong Code on Takeovers and Mergers.
- (4) This is to illustrate the effect of the conversion of BA Convertible Bonds to the largest extent while such conversion is subject to the restriction that any conversion of the BA Convertible Bonds (i) does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules.
- (5) This is to illustrate the effect of the conversion of Settlement Convertible Bond to the largest extent while such conversion is subject to the restriction that any conversion of the Settlement Convertible Bond (i) does not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the bondholder(s) which exercised the conversion right and their respective concert parties; and (ii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
4 June 2008	Issue of convertible bonds to JL Investments Capital Ltd. in the principal amount of HK\$6.2 million	HK\$ 6.13 million	All of the net proceeds will be used for general working capital purposes of the Group	All of the net proceeds has been fully utilised for general working capital purposes of the Group
4 June 2008	Issue of convertible bonds to Far East Holdings International Ltd. in the principal amount of HK\$7 million	HK\$6.62 million	All of the net proceeds will be used for general working capital purposes of the Group	All of the net proceeds has been used for general working capital purposes of the Group

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
9 July 2008	Issue of convertible bonds to Goldig Properties Limited in the principal amount of HK\$35 million	HK\$34.5 million	HK\$14.3 million will be utilised for the repayment of loan, and the remaining HK\$20.2 million will be utilised for general working capital purposes	HK\$14.3 million has been utilised for the repayment of loan and approximately HK\$19.2 million has been utilised for general working capital purposes

Save as disclosed above, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

## **GENERAL**

As the closing price of Share on the Last Trading Day is HK\$0.061 and the initial conversion price of each of the CS Convertible Bond, the Settlement Convertible Bond, the BA Convertible Bonds and CSE Convertible Bonds is HK\$0.05, under Rule 17.16 of the GEM Listing Rules, the Stock Exchange reserves its right to require the Company to either change its trading method or to proceed with a consolidation of its shares when the market price of its Shares approaches the extremities of HK\$0.01 and the Stock Exchange will not grant any further approval to the Company if the Shares are trading toward the extremities. In such case, the Company will have to consider to change its trading method or to consolidate its Shares in order to comply with Rule 17.16 of the GEM Listing Rules.

The EGM will be convened at which ordinary resolutions will be proposed (i) to seek approval by the Shareholders of, among other things the Proposed Increase in Authorised Share Capital, the Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond and the CS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CS Convertible Bond, the issue of Promissory Note, the issue of the BA Convertible Bonds and the BA Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the BA Convertible Bonds and the issue of CSE Convertible Bonds and the CSE Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CSE Convertible Bonds; and (ii) to seek approval by the Independent Shareholders of the issue of Settlement Convertible Bond and the Settlement CB Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Settlement Convertible Bond and the provision of CJV Partner's Corporate Guarantee and the proposed annual caps for each of the three financial years ended 31 December 2011 in respect of the CJV Partner's Corporate Guarantee. As at the date of this announcement, there is no Shareholder with material interest in any of the transactions disclosed herein and therefore no Shareholder will be required to abstain from voting on any of the resolutions approving the transactions disclosed herein.

A circular containing further information regarding, among other things, (i) the Proposed Increase in Authorised Share Capital; (ii) the Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond and the CS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CS Convertible Bond, the issue of Promissory Note; (iii) the issue of the BA Convertible Bonds and the BA Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the BA Convertible Bonds; (iv) the issue of CSE Convertible Bonds and the CSE Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CSE Convertible Bonds; (v) the issue of the Settlement Convertible Bond and the Settlement CB Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Settlement Convertible Bond; (vi) the provision of CJV Partner's Corporate Guarantee and the proposed annual caps for each of the three financial years ended 31 December 2011 in respect of the CJV Partner's Corporate Guarantee together with (vii) the recommendation of the Independent Board Committee; (viii) the advice of the independent financial adviser to the Independent Board Committee and to the Independent Shareholders; and (ix) the notice of the EGM will be despatched to Shareholders as soon as practicable.

## **RESUMPTION OF TRADING**

Trading in the Shares has been suspended with effect from 2:37 p.m. on 18 November 2008 pending the release of the announcement of the Company dated 28 November 2008 but remain suspended pending release of this announcement. Application has been made for the resumption of trading of the Shares with effect from 9:30 a.m. on 9 December 2008.

## **DEFINITIONS**

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Acquisition”	the proposed acquisition of the Sale Shares and Sale Loans in accordance with the Sale and Purchase Agreement
“Acquisition Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans in accordance with the terms and conditions of the Sale and Purchase Agreement
“BA Convertible Bonds”	the zero coupon convertible bonds in maximum aggregate principal amount of HK\$100 million to be issued by the Company to the Subscriber in five tranches of HK\$20 million each due on the tenth anniversary of the date of issue for such tranche of the Subscription pursuant to the Subscription Agreement during the Subscription Period
“BA Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the BA Convertible Bonds



“Beijing Jianguo (BVI)”	Beijing Jianguo Real Estate Development Co., Ltd., a company incorporated in the BVI and a wholly-owned subsidiary of Shinhan-Golden
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Chen”	Ms. Chen Peng (陳萍), a PRC citizen and owner of 51% registered capital of the CJV Partner
“Chen Undertaking”	an undertaking dated 3 July 2003 as supplemented by a supplemental undertaking dated 7 November 2003 by Chen in relation to the transfer of 51% of the registered capital in the CJV Partner
“China Star”	China Star Investment Holdings Limited, a company incorporated in Bermuda and the issued shares of which are listed on the Main Board of the Stock Exchange
“CJV Partner”	上海昇平文化發展有限公司, a company organised and existing under the laws of the PRC.
“CJV Partner’s Loan”	the debt in a principal sum of HK\$374,677,812 owed by the CJV Partner to Riche as at the date of the Sale and Purchase Agreement
“CJV Partner’s Corporate Guarantee”	the corporate guarantee to be executed by the Company in favour of Riche in respect of the CJV Partner’s Loan
“Codes”	The Codes on Takeovers and Mergers
“Company” or “Guarantor”	Golife Concepts Holdings Limited, a company incorporated in Cayman Island with limited liability whose issued Shares are listed on GEM
“Completion Accounts”	collectively the unaudited consolidated balance sheet of the Shinhan-Golden Group as at the date of the Acquisition Completion and the unaudited profit and loss accounts of the Shinhan-Golden Group for the period commencing from 1 January 2008 to the date of the Acquisition Completion and the unaudited consolidated balance sheet of the World East as at the date of the Acquisition Completion and the unaudited consolidated profit and loss accounts of World East for the period commencing from 1 January 2008 to the date of the Acquisition Completion

“Consideration”	the consideration of HK\$211,466,310 payable by the Purchaser to Riche for the Acquisition and to be satisfied in the manner as described in this announcement
“CS Consideration Shares”	117,691,940 new Shares to be allotted and issued to Riche at the Issue Price and credited as fully paid subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement
“CS Conversion Shares”	the new Shares to be allotted and issued upon conversion of the CS Convertible Bond
“CS Convertible Bond”	a convertible bond in the principal amount of HK\$100,000,000 to be issued by the Company in favour of Riche pursuant to the Sale and Purchase Agreement
“CS Conversion Period”	the period commencing from the date of issue of CS Convertible Bond up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date
“CS Conversion Price”	the initial conversion price of HK\$0.05 per CS Conversion Share (subject to adjustment) pursuant to the terms of the CS Convertible Bond
“CSE”	China Star Entertainment Limited, a company incorporated in Bermuda and the issued shares of which are listed on the Main Board of the Stock Exchange
“CSE Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the CSE Convertible Bonds
“CSE Convertible Bonds”	the zero coupon convertible bonds in maximum aggregate principal amount of HK\$60 million to be issued by the Company to CSE in five tranches of HK\$12 million each due on the tenth anniversary of the date of issue for such tranche of the CSE Subscription pursuant to the CSE Subscription Agreement during the CSE Subscription Period
“CSE Subscription”	the subscription of the CSE Convertible Bonds by CSE by five tranches pursuant to the terms of the CSE Subscription Agreement
“CSE Subscription Agreement”	the subscription agreement dated 26 November 2008 and entered into between the Company and CSE in relation to the subscription and issue of the CSE Convertible Bonds
“CSE Subscription Completion”	completion of the CSE Subscription Agreement

“CSE Subscription Completion Date”	the date as specified in the CSE Subscription Completion Notice for each tranche of the CSE Subscription which in any event shall not be later than (i) seven days after the date the CSE Subscription Completion Notice or (ii) the date falling on the last day of the CSE Subscription Period (whichever is earlier)
“CSE Subscription Completion Notice”	a notice to be given by the Company to CSE pursuant to the CSE Subscription Agreement for each tranche of CSE Subscription
“CSE Subscription Period”	the period of five years commencing from the date of the EGM, being the period for subscription of the CSE Convertible Bonds
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Proposed Increase in Authorised Share Capital, Acquisition, the allotment and issue of CS Consideration Shares, the issue of CS Convertible Bond and the CS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CS Convertible Bond, the issue of Promissory Note, the issue of BA Convertible Bonds and the BA Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the BA Convertible Bonds, the issue of CSE Convertible Bonds and CSE Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the CSE Convertible Bonds, the issue of the Settlement Convertible Bond and the Settlement CB Convertible Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Settlement Convertible Bond, the provision of CJV Partner’s Corporate Guarantee and the proposed caps for each of the three financial years ended 31 December 2011 in respect of the CJV Partner’s Corporate Guarantee
“Fund Raising Exercise”	a fund raising exercise to be conducted by the Company raising a net proceeds of not less than HK\$9,500,000 by way of (i) an open offer to holders of issued Shares for subscription of up to a maximum of 279,681,928 new Shares on the basis of every two new Shares for five issued Shares at a subscription price of HK\$0.05 per new Share as disclosed in the announcement of the Company dated 28 November 2008; (ii) a placing of 53,000,000 new Share at a placing price of HK\$0.075 per new Share pursuant to the general mandate granted to the Directors as disclosed in the announcement of the Company dated 28 November 2008; and (iii) such other fund raising activities as Riche may approve in writing
“GEM”	Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hang Seng Guarantee”	the guarantee dated 11 September 2006 executed by China Star in favour of Hang Seng Bank Limited, Fuzhou Branch in respect of the indebtedness of the JV Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors Mr. Lum Pak Sum, Mr. Sum Chun Ho and Mr. Wan Kwok Pan, to be formed for the purpose of advising Independent Shareholders in relation to the issue of the Settlement Convertible Bond and the provision of CJV’s Corporate Guarantee
“Independent Shareholders”	Shareholders other than Riche and its associates
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associate
“Issue Price”	HK\$0.05 per CS Consideration Share
“JV Company”	北京莎瑪房地產開發有限公司 (formerly known as 北京建國房地產開發有限公司), a company organized and existing under the laws of the PRC
“Liao”	Mr. Liao Miao-yuan (賴淼源), a PRC citizen and owner of 49% registered capital of the CJV Partner
“Liao Undertaking”	an undertaking dated 3 July 2003 as supplemented by a supplemental undertaking dated 7 November 2003 by Liao in relation to the transfer of 49% of the registered capital in the CJV Partner
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Open Offer”	the proposed open offer on the terms set out in the announcement of the Company dated 28 November 2008

“Other Convertible Bonds”	collectively (i) the convertible bond of HK\$3,200,000 conferring rights to convert a total of 33,684,210 Shares on the basis of an initial conversion price of HK\$0.095 per Share (subject to adjustment); (ii) the convertible bonds in an aggregate principal amount of HK\$35,000,000 conferring rights to convert a total of 280,000,000 Shares on the basis of an initial conversion price of HK\$0.125 per Share (subject to adjustment); and (iii) the convertible bond of HK\$7,000,000 conferring rights to convert a total of 56,000,000 Shares on the basis of an initial conversion price of HK\$0.125 per Share (subject to adjustment)
“Placing”	placing of 53,000,000 new Shares pursuant to the terms of the Placing Agreement, details of which has been disclosed in the announcement of the Company dated 28 November 2008
“Placing Agreement”	the conditional placing agreement entered into between the Company and Kingston Securities Limited dated 19 November 2008 in relation to the Placing
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note to be issued by the Company for a principal sum of HK\$100,000,000 for the purpose of settling part of the Consideration
“Property”	the property located at Inner Jiangguo Gate of Dongcheng District, Beijing, the PRC
“Proposed Increase in Authorised Share Capital”	the proposed increase the authorised share capital of the Company from HK\$100,000,000 divided into 2,000,000,000 Shares to HK\$1,500,000,000, divided into 30,000,000,000 Shares by the creation of 28,000,000,000 new Shares
“Purchaser”	Mega Shell Services Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Riche”	Riche (BVI) Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of China Star
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 26 November 2008 entered into among the Purchaser, Riche and the Company in relation to the sale and purchase of the Sale Shares and the Sale Loans
“Sale Loans”	collectively, the Shinhan-Golden Sale Loan and WE Sale Loan
“Sale Shares”	collectively, the Shinhan-Golden Sale Shares and WE Sale Share

“Settlement CB Conversion Shares”	the new Shares to be issued and allotted upon conversion of the Settlement Convertible Bond
“Settlement CB Conversion Price”	the conversion price at which the Settlement Convertible Bond is to be converted into Settlement CB Conversion Shares, which, subject to the adjustments as set out in the Settlement CB Instrument as if the same taking effect from the date of the Acquisition Completion to the date immediately before the issue date of the Settlement Convertible Bond mutatis mutandis, shall be initially HK\$0.05 per each Settlement CB Conversion Shares
“Settlement CB Instrument”	the instrument pursuant to which the Settlement Convertible Bond shall be constituted and issued
“Settlement Convertible Bond”	the ten years 3% coupon convertible bond with a face value of such sum as equivalent to the then outstanding CJV Partner’s Loan (translated into Hong Kong dollars at the prevailing exchange rate between Hong Kong dollar and RMB as quoted by the Hongkong and Shanghai Banking Corporation) to be issued by the Company pursuant to the Sale and Purchase Agreement, which shall be convertible into Settlement CB Conversion Shares at the Settlement CB Conversion Price
“Share(s)”	existing share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shinhan-Golden”	Shinhan-Golden Faith International Development Limited, a company incorporated in BVI with limited liability, a wholly-owned subsidiary of Riche
“Shinhan-Golden Group”	collectively Shinhan-Golden, JV Company and Beijing Jianguo (BVI)
“Shinhan-Golden Sale Loan”	all obligations, liabilities and debts owing or incurred by Shinhan-Golden to Riche on or at any time prior to Acquisition Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Acquisition Completion. As at 31 October 2008, Shinhan-Golden is indebted to Riche in the sum of HK\$45,933,722.
“Shinhan-Golden Sale Shares”	9,500,000 issued shares of par value of US\$1.00 in the capital of Shinhan-Golden, representing the entire issued share capital of Shinhan-Golden
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Brilliant Arts Multi-Media Holding Limited, a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Subscription”	the subscription of the BA Convertible Bonds by the Subscriber by five tranches pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 November 2008 and entered into between the Company and the Subscriber in relation to the subscription and issue of the BA Convertible Bonds
“Subscription Completion”	completion of the Subscription Agreement
“Subscription Completion Date”	the date as specified in the Subscription Completion Notice for each tranche of the Subscription which in any event shall not be later than (i) seven days after the date the Subscription Completion Notice or (ii) the date falling on the last day of the Subscription Period (whichever is earlier)
“Subscription Completion Notice”	a notice to be given by the Company to the Subscriber pursuant to the Subscription Agreement for each tranche of Subscription
“Subscription Period”	the period of five years commencing from the date of the EGM, being the period for subscription of the BA Convertible Bonds
“Target Group”	collectively Shinhan-Golden, World East and their respective subsidiaries
“World East”	World East Investments Limited, a company incorporated in BVI with limited liability
“WE Sale Loan”	all obligations, liabilities and debts owing or incurred by World East to Riche on or at any time prior to Acquisition Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Acquisition Completion. As at 31 October 2008, World East is indebted to Riche in the sum of HK\$744,776
“WE Sale Share”	one issued share of par value of US\$1.00 in the capital of World East, representing the entire issued share capital of World East
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**Golife Concepts Holdings Limited**  
**Gouw San Bo, Elizabeth**  
*Chief Executive Officer and Executive Director*

Hong Kong, 8 December 2008

*As at the date of this announcement, the Board of directors of the Company comprises three executive Directors, namely Ms. GOUW San Bo Elizabeth, Mr. LAI Hok Lim and Mr. LEE Chan Wah; one non-executive Director, namely Mr. Duncan CHIU; and three independent non-executive directors, namely Mr. LUM Pak Sum, Mr. SUM Chun Ho and Mr. WAN Kwok Pan.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:*

- 1. the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- 2. there are no other matters the omission of which would make any statement in this announcement misleading; and*
- 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will be published on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at [www.golife.com.hk](http://www.golife.com.hk).*