CHINA STAR FILM GROUP LIMITED
中國星電影集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8172)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of China Star Film Group Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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.

RESULTS

The board of directors (the "Board") of China Star Film Group Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with the comparative figures for the corresponding year in 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000 (restated)
Turnover	*7*	**24,223**	74,122
Cost of sales		**(13,858)**	(36,160)
Gross profit		**10,365**	37,962
Other revenue	*8*	**1,803**	811
Other income	*9*	**155,683**	3,583
Selling and distribution costs		**(342)**	(3,217)
Administrative expenses		**(67,115)**	(91,602)
Other operating expenses	*10*	**(86,799)**	(20,345)
Finance costs	*11*	**(21,880)**	(2,498)
Loss before tax	*12*	**(8,285)**	(75,306)
Tax credit	*13*	**34,384**	—
Profit/(loss) for the year		**26,099**	(75,306)
Profit/(loss) attributable to owners of the Company		**26,099**	(75,306)
Earnings/(loss) per share	*14*		
Basic		**8.74 cents**	(284.38) cents
Diluted		**8.74 cents**	(284.38) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Profit/(loss) for the year	**26,099**	(75,306)
Other comprehensive income		
Exchange differences arising on translation of foreign operations during the year	**(537)**	—
Total comprehensive income for the year	**25,562**	(75,306)
Total comprehensive income attributable to owners of the Company	**25,562**	(75,306)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	2009 *HK$'000*	2008 *HK$'000* (restated)	1/1/2008 *HK$'000* (restated)
Non-current assets				
Property, plant and equipment		**8,027**	2,006	6,718
Investment properties	*15*	**118,619**	—	—
Intangible assets		**7,958**	—	—
Goodwill		—	—	—
Total non-current assets		**134,604**	2,006	6,718
Current assets				
Inventories		—	7,590	8,992
Trade receivables	*16*	**186,716**	2,794	4,195
Deposits, prepayments and other receivables		**13,411**	7,522	13,822
Financial assets at fair value through profit or loss		**1**	231	966
Derivative financial instruments		—	—	840
Properties held for sale		**29,033**	—	—
Tax recoverable		—	1,303	—
Pledged deposit		—	—	5,949
Cash and bank balances		**230,463**	5,766	3,705
Total current assets		**459,624**	25,206	38,469
Current liabilities				
Trade payables	*17*	**197**	2,402	3,098
Accruals, deposit received and other payables		**124,225**	19,845	15,479
Derivative financial instruments		—	2,153	459
Interest-bearing bank and other borrowings		**130**	11,074	13,563
Convertible loan notes		—	3,157	—
Amounts due to a shareholder		**155,535**	—	—
Amounts due to jointly controlled entities		—	1,025	—
Receipts in advance		**42,428**	—	—
Tax payable		**15,303**	587	755

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Total current liabilities	**337,818**	40,243	33,354
Net current assets/(liabilities)	**121,806**	(15,037)	5,115
Total assets less current liabilities	**256,410**	(13,031)	11,833
Non-current liabilities			
Interest-bearing bank and other borrowings	**—**	1,045	805
Promissory note	**31,831**	—	—
Convertible loan notes	**17,596**	30,574	—
Deferred taxation	**31,603**	—	—
Total non-current liabilities	**81,030**	31,619	805
Net assets/(liabilities)	**175,380**	(44,650)	11,028
Equity			
Issued capital	**6,763**	16,446	12,470
Reserves	**168,617**	(61,096)	(1,442)
	175,380	(44,650)	11,028

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Issued capital	Share premium	Contributed surplus	Equity component of convertible loan notes	Share-based payments reserve	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008, as previous reported	12,470	132,103	—	—	98	—	(132,918)	11,753
Effect of change in accounting policies	—	—	—	—	—	—	(725)	(725)
At 1 January 2008, As restated	12,470	132,103	—	—	98	—	(133,643)	11,028
Redemption of convertible loan notes	—	—	—	12,823	—	—	—	12,823
Conversion of convertible loan notes	1,326	1,674	—	(130)	—	—	—	2,870
Placing of new shares, net	2,650	1,285	—	—	—	—	—	3,935
Net loss for the year	—	—	—	—	—	—	(75,306)	(75,306)
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	—	(75,306)	(75,306)
At 31 December 2008 and 1 January 2009	16,446	135,062	—	12,693	98	—	(208,949)	(44,650)
Net profit for the year	—	—	—	—	—	—	26,099	26,099
Exchange difference arising on translating foreign operations	—	—	—	—	—	(537)	—	(537)
Total comprehensive income for the year	—	—	—	—	—	(537)	26,099	25,562
Issue of convertible loan notes	—	—	—	241,878	—	—	—	241,878
Redemption of convertible loan notes	—	—	—	(101,942)	—	—	4,840	(97,102)
Deferred tax of convertible loan notes	—	—	—	(39,910)	—	—	—	(39,910)

	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Equity component of convertible loan notes HK$'000	Share-based payments reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Deferred tax released on redemption of convertible loan notes	—	—	—	14,929	—	—	—	14,929
Capital reduction	(22,564)	—	22,564	—	—	—	—	—
Issue of new shares arising on acquisition of subsidiaries	118	2,001	—	—	—	—	—	2,119
Recognition of equity-settled share-based payments	—	—	—	—	4,197	—	—	4,197
Issue of new shares upon exercise of share options	519	7,145	—	—	(2,827)	—	—	4,837
Cancellation of share options	—	—	—	—	(98)	—	98	—
Issue of new shares on open-offer	12,128	49,066	—	—	—	—	—	61,194
Placing of new shares, net	116	2,210	—	—	—	—	—	2,326
At 31 December 2009	6,763	195,484	22,564	127,648	1,370	(537)	(177,912)	175,380

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the GEM since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3407, 34/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2009. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial instruments and Obligations Arising On Liquidation
HKFRS 1 and HKAS 27	Amendment to HKFRS 1 First-time Adoption of HKFRSs And HKAS 27 Consolidated and Separate Financial Statements — Cost
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving disclosure about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to paragraph 80 of HKAS 39

The adoption of the above amendments and new interpretations had no material effect on the results of financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Item[1]
HKFRS 1 (Amendments)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Revised)	First time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguish Financial Liabilities with Equity Instruments[6]
HK Int 4 Amendment	Determination of Length of Lease Term in respect of Hong Kong Land Leases[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

The Directors have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs, would have a material impact on the results and the financial position of the Group.

4. BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments and leasehold buildings which are stated at their fair values.

Certain comparative figures have been reclassified to conform with the current year's presentation.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the Group made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effect date of disposal, as appropriate.

All significant intercompany transactions, balances and unrealised gains on transactions are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

5. CHANGE IN ACCOUNTING POLICIES

During the year, the Directors elected to change the accounting policy used to account for the Group's jointly controlled entities from equity method to proportionate consolidation since the Directors of the Company are of the view that the change in accounting method would provide more comparable, reliable and relevant information to the readers of the financial statements and would result in a better presentation of the nature, the substance and economic reality of a venturer's interest in its jointly controlled entities, that is to say, control over the venturer's share of the future economic benefits.

The consolidated balance sheet as at 1 January 2008 and 31 December 2008, the results of consolidated income statement and the consolidated cash flows statement for the year ended 31 December 2008 previously reported by the Group have been restated to apply the proportionate consolidation method for the interest in jointly controlled entity, as set out below:

	The Group as previously reported *HK$'000*	Effect of accounting for interests in jointly controlled entity under proportionate consolidation method *HK$'000*	The Group as restated *HK$'000*
Consolidated income statement for the year ended 31 December 2008			
Turnover	71,599	2,523	74,122
Gross profit	37,356	606	37,962
Loss before taxation	(73,641)	(1,665)	(75,306)
Loss for the period	(73,641)	(1,665)	(75,306)
Loss attributable to owners of the Company	(73,641)	(1,665)	(75,306)
Basic loss per share (in HK Cents)	278.09	6.29	284.38
Diluted loss per share (in HK Cents)	278.09	6.29	284.38
Consolidated balance sheet as at 31 December 2008			
Non-current assets	1,977	29	2,006
Interests in jointly controlled entities	—	—	—
Current assets	24,267	939	25,206
Current liabilities	36,885	3,358	40,243
Net current liabilities	12,618	2,419	15,037
Non-current liabilities	31,619	—	31,619
Net liabilities	42,260	2,390	44,650
Total equity attributable to owners of the Company	42,260	2,390	44,650
Consolidated balance sheet as at 1 January 2008			
Non-current assets	6,712	6	6,718
Interests in jointly controlled entities	—	—	—
Current assets	39,005	(536)	38,469
Current liabilities	33,159	195	33,354
Net current assets	5,846	(731)	5,115
Non-current liabilities	805	—	805
Net liabilities	11,753	(725)	11,028
Total equity attributable to owners of the Company	11,753	(725)	11,028

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources. Key management has determined the operating segments based on these reports.

The key management considers the business from both a geographic and product perspective. From a product perspective, the key management assesses the performance of distribution of high-end apparel and accessories jewellery, serviced apartment operations, artist management and film production and distribution.

The key management assesses the performance of the operating segments based on a measure of profit before tax. Other information provided to the key management, except as noted below, is measured in a manner consistent with that in the financial statements.

Total assets excluded deferred tax, available-for-sale financial assets, both of which are managed centrally. These comprised part of the reconciliation to total balance sheet assets.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the key management is measured in a manner consistent with that in the consolidated income statement.

The segment results provided to the key management for the reportable segments for the year ended 31 December 2009 is as follows:

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Distribution		Serviced apartment operations		Artist management		Film production		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Turnover:										
Sales to external customers	**8,801**	74,122	**8,224**	—	**7,198**	—	**—**	—	**24,223**	74,122
Segment results	**(23,592)**	37,962	**(16,826)**	—	**(2,307)**	—	**(1,441)**	—	**(44,166)**	37,692
Unallocated other revenue and income									**155,707**	4,394
Unallocated expenses									**(97,946)**	(115,894)
Profit/(loss) from operating activities									**13,595**	(73,808)
Finance costs									**(21,880)**	(2,498)
Loss before income tax									**(8,285)**	(75,306)
Income tax credit									**34,384**	—
Profit/(loss) for the year									**26,099**	(75,306)

(b) Segment assets and liabilities

	Distribution		Serviced apartment operations		Artist management		Film production		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Segment Assets	**531**	23,599	**498,535**	—	**12,353**	—	**9,753**	—	**521,172**	23,599
Unallocated assets									**73,056**	3,613
Total assets									**594,228**	27,212
Segment liabilities	**18,924**	31,314	**286,142**	—	**11,314**	—	**2,330**	—	**318,710**	31,314
Unallocated liabilities									**100,138**	40,548
Total liabilities									**418,848**	71,862

(c) Other segment information

	Distribution		Serviced apartment Operation		Artist management		Film Production		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Write-off and impairment of property, plant and equipment	**1,748**	3,137	**29,045**	—	**—**	—	**—**	—	**30,793**	3,137
Depreciation of property, plant and equipment	**316**	4,180	**9,890**	—	**85**	—	**67**	—	**10,358**	4,180
Capital expenditure	**9**	2,359	**15,334**	—	**—**	—	**—**	—	**15,343**	2,359

(d) Geographical information

The Group operates in three principal geographical areas — the People Republic of China (excluding Hong Kong) (the "PRC"), Hong Kong and Taiwan.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
The PRC	**22,551**	—	**125,339**	—
Hong Kong	**1,422**	58,965	**9,265**	2,006
Taiwan	**250**	15,157	**—**	—
	24,223	74,122	**134,604**	2,006

7. TURNOVER

Turnover represents the net amounts received and receivables from goods sold to customers, after allowances for returns and trade discounts where applicable and services rendered. All significant intra-group transactions have been eliminated on consolidation.

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Distribution of high end apparel and accessories	**8,801**	74,122
Rental income	**8,224**	—
Artists management services	**7,198**	—
	24,223	74,122

8. OTHER REVENUE

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Bank interest income	**674**	631
Sundry income	**579**	60
Management service income	**550**	120
	1,803	811

9. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Discount on acquisition	**105,848**	—
Gain on deemed disposal of subsidiaries	**32,758**	—
Gain on deemed disposal of a jointly controlled entity	**17,077**	—
Exchange gain, net	**—**	1,962
Fair value gain on financial assets at fair value through profit or loss	**—**	21
Waiver of other payable	**—**	1,600
	155,683	3,583

10. OTHER OPERATING EXPENSES

	2009 *HK$'000*	2008 *HK$'000* (restated)
Loss on disposal of a jointly controlled entity	**346**	—
Impairment of goodwill	**55**	—
Loss on disposal of property, plant and equipment	**122**	—
Loss on change in fair value of investment properties	**52,395**	—
Loss on early redemption of convertible loan notes	**2,638**	—
Impairment loss on amount due from a jointly controlled entity	**30,892**	1,917
Break-up free for a terminated acquisition	—	12,300
Loss on change in fair value of derivative financial instruments	—	2,382
Loss on change in fair value of financial assets at fair value through profit or loss	**351**	3,746
	86,799	20,345

11. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Effective interest expenses on convertible loan notes	**4,318**	1,232
Effective interest expenses on promissory notes	**5,879**	—
Interest on bank loans and overdrafts wholly repayable within five years	**11,639**	1,214
Interest on finance leases	**44**	52
	21,880	2,498

12. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Auditor's remuneration	**450**	421
Cost of inventories sold	**4,697**	36,160
Depreciation of property, plant and equipment	**10,358**	4,180
Loss on disposal of property, plant and equipment	**122**	—
Minimum lease payments under operating leases on land and buildings	**5,510**	21,673
Impairment of available-for-sale investment	**—**	1,400
Impairment of inventories	**—**	1,355
Impairment of property, plant and equipment	**—**	3,137
Provision for loss on early termination of shop tenancies	**—**	9,079
Provision for contingent liabilities	**13,439**	1,238
Staff costs (excluding Directors' remuneration)		
Salaries and allowances	**8,552**	18,448
Equity-settled share option expenses	**1,002**	—
Pension scheme contributions	**265**	487

13. TAX CREDIT

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2008: Nil). Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both years.

	2009	2008
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**(14,357)**	—
Deferred tax	**48,741**	—
	34,384	—

Subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The standard Hong Kong profits tax rate is 16.5% for both years.

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit for the year of HK$26,099,000 (2008: loss of HK$75,306,000) and the weighted average number of ordinary shares of 343,732,767 (2008: 26,480,927) in issue during the year.

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
		(restated)
Profit/(loss) attributable to owners of the Company for the purposes of basic earnings/(loss) per share	**26,099**	(75,306)
After tax effective interest on liability component convertible loan notes	**3,292**	—
Profit/(loss) for the purpose of diluted earnings/(loss) per share	**29,391**	(75,306)

	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**343,732,767**	26,480,927*
Effective of deemed conversion of convertible loan notes into the Company's new ordinary shares:	**596,974,290**	—
Weighted average number of ordinary share for the purposes of diluted earnings/(loss) per share	**940,707,057**	26,480,927*

* The weighted average number of ordinary shares for the year ended 31 December 2008 was adjusted retrospectively due to share consolidation in 2009.

For the year ended 31 December 2009, dilutive earnings per share was presented, only have the effect of deemed conversion of convertible loan notes into the Company's new ordinary shares because there is anti-dilutive effect of deemed exercise of share options subject to the higher of exercise price compared with the average share price.

For the year ended 31 December 2008, diluted loss per share was not presented because the exercise of share options and conversion of all outstanding convertible loan notes would have anti-dilutive effects.

15. INVESTMENT PROPERTIES

The Group

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
At 1 January	**—**	—	—
Acquisition of subsidiaries	**920,564**	—	—
Loss arising on changes in fair values	**(163)**	—	—
Exchange alignments	**5,061**	—	—
Disposal	**(806,843)**	—	—
	118,619	—	—

The fair values of the Group's investment properties as at 31 December 2009 have been arrived at on the basis of the valuations carried out on these dates by Grant Sherman Appraisal Limited. Grant Sherman Appraisal Limited, is independent firms of professional valuers not connected with the Group, members of the Hong Kong Institute of Valuers and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment properties shown above comprise:

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
Outside Hong Kong, held on:			
Long-term leases	**118,619**	—	—

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

16. TRADE RECEIVABLES

An aged analysis of the Group's trade receivables at the balance sheet dates is as follow:

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
0 — 90 days	**186,716**	1,960	2,430
91 — 180 days	**—**	643	1,503
181 — 365 days	**—**	—	24
Over 365 days	**—**	681	729
	186,716	3,284	4,685
Impairment loss recognised	**—**	(490)	(490)
	186,716	2,794	4,195

17. TRADE PAYABLES

An aged analysis of the trade payables at the balance sheet dates is as follow:

	2009	2008	1/1/2008
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
0 — 90 days	**197**	1,787	2,212
91 — 180 days	**—**	—	178
181 — 365 days	**—**	—	13
Over 365 days	**—**	615	695
	197	2,402	3,098

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover of the Group was HK$24.2 million for the year ended 31 December 2009, of which HK$8.8 million (2008: HK$74.1 million, as restated), HK$ 8.2 million (2008: Nil) and HK$ 7.2 million (2008: Nil) was generated from the distribution of high-end apparel and accessories through the investment in the jointly controlled entity, property investment and the provision of artists management services respectively, representing a decrease of approximately 67.3% as compared with the year ended 31 December 2008.

The gross profit of the segment of the distribution of high-end apparel and accessories was approximately HK$4.1 million, representing approximately 46.6% of turnover of the distribution of high-end apparel and accessories. Gross profit margin dropped as compared with 51.2% of the corresponding period last year as a result of extra sales discount offered in the weak retail market during the first half of the year.

Following the completion of the acquisition Shinhan Golden Faith International Development Limited and World East Investments Limited on 8 April 2009, turnover of approximately HK$8.2 million was contributed from the segment of property investment. The gross profit of such segment was approximately HK$4.8 million.

Following the acquisition of China Star Management Limited and Anglo Market International Limited on 31 July 2009, turnover of approximately HK$7.2 million was contributed from the segment of the provision of artists management services. The gross profit of such segment was approximately HK$1.4 million.

Other income amounted to approximately HK$155.7 million, representing an increase of 4,245% over the previous year. Such increase was contributed by a discount on acquistion of approximately HK$105.8 million, gain on deemed disposal of subsidiaries of approximately HK$32.8 million and gain on deemed disposal of a jointly controlled entity of approximately HK$17.1 million recorded during the year.

Selling and distribution costs decreased by 89.4% to approximately HK$0.3 million from HK$3.2 million in prior year. Such decrease was in line with the decrease in the turnover generated from the segment of the distribution of high-end apparel and accessories.

Administrative expenses decreased by 26.7% to approximately HK$67.1 million from HK$91.6 million in prior year. Such decrease was mainly attributed to the scale down of the operation in the segment of the distribution of high-end apparel and accessories and the stringent cost control policy adopted by the management during the year.

Other operating expenses increased by 326.6% to approximately HK$86.8 million from HK$20.3 million in prior year. Such increase was caused by the loss on change in fair value of the investment properties located at Beijing, the PRC of approximately HK$52.4 million, the loss on early redemption of convertible loan notes of approximately HK$2.6 million and the impairment losses on amount due from a jointly controlled entity of approximately HK$30.9 million.

Finance costs increased by 775.9% to approximately HK$21.9 million from HK$2.5 million in prior year. Such increase was mainly attributed to the increase in interest on bank loan and overdrafts wholly repayable within five years, effective interest expenses on convertible loan notes and on promissory notes.

Profit attributable to the owners of the Company was HK$26.1 million (2008: loss attributable to the owners of the Company HK$75.3 million, as restated). The turnaround was mainly contributed by the combined effect of the increase in other income such as the discount on acquisition and the gain on deemed disposal of subsidiaries and a jointly controlled entity, the decrease of administrative expenses and the reversal of the deferred tax liabilities of HK$48.7 million relating to the disposal of part of the investment properties located at Beijing, the PRC during the year.

Business Review

On 26 November 2008, Mega Shell Services Limited ("MS"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Riche (BVI) Limited ("Riche"), a wholly owned subsidiary of China Star Investment Holdings Limited of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, MS has agreed to purchase the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden Faith International Development Limited ("SG") and World East Investments Limited ("WE") for a total consideration of HK$211,466,310. SG and WE are the shareholders of 北京莎瑪房地產開發有限公司 (the "Beijing Company"), a company incorporated in the PRC. The Beijing Company is the registered and beneficial owner of a property located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, the PRC. The property has been utilised as a high-end serviced apartment for rental purpose. The property has commenced operation in late June 2008 and was managed by SHAMA, one of the leading providers of boutique serviced apartments in Hong Kong real estate market. The details of the transaction were set out in the circular of the Company dated 23 January 2009 and was approved by the shareholders at the extraordinary general meeting held on 16 February 2009. The transaction had been completed on 8 April 2009. Turnover of approximately HK$8.2 million was contributed by that segment during the year.

On 29 January 2009, the Company announced that Amazing Goal International Limited ("AG"), a wholly owned subsidiary of the Company, entered into a subscription agreement pursuant to which Chung Chiu (PTC) Limited ("CC") has conditionally agreed to subscribe and AG has conditionally agreed to allot and issue subscription shares to CC at a consideration of US$50. The subscription shares represent 50% of the entire share capital of AG as enlarged by the allotment and issue of the subscription shares. The details of the transaction were set out in the circular of the Company dated 26 May 2009 and was approved by the shareholders at the special general meeting held on 6 July 2009. The transaction had been completed on 10 July 2009. Upon completion, AG has ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company. The Company and CC has entered into a shareholders' agreement for the management of the jointly controlled entity. The Company's interests in AG will be accounted for by proportionate consolidation under HKAS 31 "Interests in Joint Venture". The Directors believe that the subscription will provide the Group with an opportunity to restructure its loss-making operations and reallocate the resources of the Group on other business operations. On 21 August 2009, CC increased its interest in AG to 81% by capitalising its advances to AG pursuant to the shareholders' agreement. The Group will consider exercising its right to top-up its interest in AG to a maximum of 50% by keeping track on the performance of AG from time to time. Turnover of approximately HK$8.8 million was contributed by that segment during the year.

On 21 July 2009, the Company and the noteholders of the convertible loan notes with an aggregate outstanding principle amount of HK$7 million (the "Convertible Loan Notes") proposed to enter a deed of amendments, pursuant to which, the conditions of the Convertible Loan Notes shall be modified (a) to extend the maturity date of the Convertible Loan Notes to the fifth anniversary of the date of issue instead of the third anniversary of the date of issue; and (b) to a mandatory conversion of any outstanding amount of Convertible Loan Notes into shares by the noteholders at HK$0.239 per share, subject to adjustment for standard anti dilution events, at the new maturity date (the "Proposed Alterations"). The details of the Proposed Alterations were set out in the circular of the Company dated 12 August 2009 and was approved by the shareholders at the special general meeting held on 7 September 2009. The deed of amendments was entered into between the Company and the noteholders on 5 October 2009.

On 31 July 2009, the Company announced that Dance Star Group Limited ("DS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Star Entertainment Limited, of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, DS agreed to acquire the entire issued share capital of China Star Management Limited ("CSM") and Anglo Market International Limited ("AMI") from China Star Entertainment Limited for the consideration of HK$3,137,971. Completion took place upon signing of the sale and purchase agreement. Each of CSM and AMI is principally engaged in the business of artists management and has possessed existing resources in relation to artists management including a pool of non-contracted and contracted artists and experienced management in the media field. The Directors consider that such resources represent valuable assets for the Group to develop into the film business with an aim to diversify the revenue and earnings base of the Group. Turnover of approximately HK$7.2 million was contributed by that segment during the year.

On 8 August 2009, the Beijing Company and 北京銀座興業房地產經紀有限公司 (the "Purchaser") entered into a sale and purchase agreement pursuant to which the Beijing Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the 193 residential units and the 186 car parking spaces located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, the PRC for a consideration of RMB750 million (the "Disposal"). The transaction constituted a very substantial disposal on the part of the Company. A circular containing the details of the Disposal had been dispatched to the shareholders on 9 September 2009 (the "Circular"). The Disposal had been approved by the shareholders at the special general meeting held on 25 September 2009. The Directors consider that the Disposal represents an opportunity for the Group to realise part of its investment properties in Bejing for reducing its bank borrowings and for investment return with immediate cash inflow. As stated in the Circular, the Board intends to use the remaining net proceeds from the Disposal to pay down the Group's borrowing and indebtedness. On 2 October 2009, the Company had paid down the convertible loan notes issued to Brilliant Arts Multi-Media Holding Limited ("Brilliant Arts" currently known as Xing Lin Medical Information Technology Company Limited) on 28 April 2009 in the principal amount of HK$100 million.

On 8 October 2009, DS entered into a sale and purchase agreement with Brilliant Arts, of which its issued shares are listed on the GEM. Pursuant to the sale and purchase agreement, DS agreed to acquire the entire issued share capital of Creative Formula Limited ("Creative Formula") from Brilliant Arts for the consideration of HK$8,200,418. Completion took place upon signing of the sale and purchase agreement. Creative Formula is principally engaged in the business of film production and distribution. The principal asset of Creative Formula is the film rights (excluding Hong Kong Theatrical Right, Hong Kong Video Right, Airline Right, Hong Kong Cable Television Right, All Rights for Singapore and Malaysia, and Asian Satellite Television Right) of a film titled "Written By" 「再生號」. The Directors consider that the acquisition of Creative Formula is in line with the business strategy of the Group and the expansion into film production and distribution business will diversify the revenue and earnings base of the Group.

On 7 December 2009, the Company entered into a placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent, 200,000,000 new shares by tranches provided that the number of new shares for each tranche is in integral multiples of 50,000,000, on a fully underwritten basis, to not fewer than six placees at a price of HK$0.30 per new share. The placing had been approved by the shareholders at the special general meeting held on 15 January 2010. The net proceeds of approximately HK$59.0 million will be utilised for future acquisition or repayment its borrowing. The placing was completed in two tranches on 25 January 2010 and 5 February 2010 and 100,000,000 new shares were placed in each tranche of the placing.

Future Plans

Looking forward, despite the global economy is believed to remain challenging in the coming year, it is generally believed that the PRC will be the first country to recover from the impact of financial crisis through its policies of promotion of economic stimulus measures. The management is optimistic about the PRC's economic development prospects in the foreseeable future. On the basis of the rapid growth of the PRC's economy, the PRC government is devoted to develop and support environmental protection projects. As such, the management intends to seek for new investment opportunity by diversifying its business into the green industry and environmental protection areas in the PRC. In addition, at the appropriate time, the Group will realise its investment in order to bring better return to its shareholders.

On 8 February 2010, the Company entered into a conditional disposal agreement with an independent third party. The proposed disposal constitutes a very substantial disposal on the part of the Company under the Chapter 19 of the GEM Listing Rules. As at the date of this announcement, the Company is in the process of preparing an announcement in relation to the proposed disposal.

On 9 February 2010, the Company entered into a conditional acquisition agreement. The proposed acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, the Company is in the process of preparing an announcement in relation to the proposed acquisition.

On 9 February 2010, the Company proposed to raise additional fund by way of placing. As at the date of this announcement, the Company is in the process of preparing an announcement in relation to the proposed placing.

On 9 February 2010, the Company proposed to change of name of the Company. As at the date of this announcement, the Company is in the process of preparing an announcement in relation to the change of name of the Company.

Liquidity and Financial Resources

At 31 December 2009, the Group had total assets of approximately HK$594.2 million (2008: HK$27.2 million, as restated), including cash and bank balances of approximately HK$230.5 million (2008: HK$5.8 million, as restated). The increase in cash and bank balances was mainly contributed by cash inflow generated from investing and financing activities during the year.

During the year, the Group financed its operation with internally generated cash flows and the proceeds from the issuance of convertible loan notes, the issuance of new shares, and disposal of part of its investment properties located at Beijing, the PRC.

On 13 January 2009, the Group raised approximately HK$6.6 million before expenses, by way of open offer of 131,570,645 offer shares at a price of HK$0.05 per offer share on the basis of two offer shares for every five existing shares held on the record date. The net proceeds of approximately HK$5.7 million was utilised for the acquisition of the investment properties located at Beijing, the PRC.

On 29 January 2009, the Group raised additional fund of HK$60 million by issuance of convertible loan notes to China Star Entertainment Limited, of which its issued shares are listed on the Main Board of the Stock Exchange, with a term of 10 years with zero coupon rate (the "CSE Loan Notes"). The proceeds raised from the issuance of the CSE Loan Notes was utilised as general working capital and/or repayment its borrowings as and when need.

On 28 April 2009, the Group raised additional fund of HK$100 million by issuance of convertible loan notes to Brilliant Arts, with a term of 10 years with zero coupon rate. The proceeds raised from the issuance of such convertible loan notes was utilised as general working capital and/or repayment its borrowings as when need.

On 23 April 2009, the Company entered into an agreement with a placing agent, whereby the Company has conditionally agreed to place through the placing agent, an aggregate of 11,560,000 placing shares on a fully underwritten basis to independent investors at a price of HK$0.205 per placing share. The net proceeds of HK$2.3 million from the placing was intended to be used for general working capital of the Group.

On 23 April 2009, the Company proposed to raise approximately HK$55.5 million before expenses, by way of open offer of not more than 555,506,552 offer shares at a price of HK$0.1 per offer share on the basis of eight offer shares for every one share held on the record date. The open offer was approved by the shareholders at the special general meeting held on 29 May 2009 and completed on 29 June 2009. The net proceeds from the open offer of approximately HK$54.4 million are intended to apply to reduce the Group's borrowings as and when needed, finance any future possible investment and/or for general working capital of the Group.

During the year ended 31 December 2009, certain option holders exercised their option rights to subscribe for an aggregate of 31,200,000 shares at an exercise price of HK$0.091 per share and an aggregate of 20,720,000 shares at an exercise price of HK$0.10 per share. The net proceeds from the exercise of option rights amounted to approximately HK$4.84 million.

At 31 December 2009, the total borrowings of the Group amounted to HK$211.6 million (2008: HK$42.7 million, as restated), comprising:

(a) the advance of approximately HK$155.5 million made by Riche (BVI) Limited arising from the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest free and maturing in April 2014;

(b) a current account of approximately HK$6.6 million advanced by China Star Entertainment Limited which is unsecured, interest-free and no fixed term of repayment;

(c) the liability component of approximately HK$31.8 million in respect of the promissory note with a principal amount of HK$100 million issued to Riche (BVI) Limited as part of the consideration of the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest free and maturing in April 2014;

(d) the liability component of approximately HK$3.9 million in respect of the convertible loan notes with an aggregate principal amount of HK$60 million issued to China Star Entertainment Limited which is unsecured, interest-free and maturing in January 2019;

(e) the liability component of approximately HK$8.1 million in respect of the convertible loan notes with an aggregate principal amount of HK$100 million issued to Riche (BVI) Limited as part of the consideration of the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited which is unsecured, interest-free and maturing in January 2019;

(f) the liability component of approximately HK$3.2 million in respect of the convertible loan notes with an aggregate principal amount of HK$4.0 million issued to Win Win Fortune Limited which is unsecured, interest-free and maturing in September 2013;

(g) the liability component of approximately HK$2.4 million in respect of the convertible loan notes with a principal amount of HK$3.0 million issued to Mr. Cheung Pui Kay which is unsecured, interest-free and maturing in September 2013; and

(h) the unsecured bank borrowings of approximately HK$0.1 million.

The gearing ratio, expressed as percentage of total liabilities over total assets, was 70.5% (2008: 264.08%, as restated). The improvement in gearing ratio was mainly attributed to the broaden of the Company's capital base through various fund raising activities and repayment of the Group's bank borrowings during the year.

At 31 December 2009, the Group did not have any charge on its assets.

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need rise.

Commitments

At 31 December 2009, the Group had no commitments (2008: HK$125.2 million).

Contingent Liabilities

At 31 December 2009, the Group had no contingent liabilities (2008: HK$70.1 million).

Employees

At 31 December 2009, the Group had 33 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not enter into any new significant investment during the year ended 31 December 2009.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisition and disposal of subsidiaries and affiliated companies for the year ended 31 December 2009.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" under the "Management Discussion and Analysis" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Share Consolidation, Capital Reorganisation and Change in Domicile

Pursuant to the resolutions passed on 9 February 2009, domicile of the Company has been changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile"). Capital reorganisation (the "Capital Reorganisation") has been effected by way of comprising (a) share consolidation that every ten shares of HK$0.05 each in the issued and unissued share capital be consolidated into one consolidated share of HK$0.50 each of the Company ("Consolidated Shares"); (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.50 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued Consolidated Share; (c) diminution of the par value of each of the authorised but unissued Consolidated Shares from HK$0.50 each to HK$0.01 each by a diminution of HK$0.49 on each authorised but unissued Consolidated Share. The Change of Domicile and Capital Reorganisation has been completed on 16 March 2009 and 6 April 2009 respectively.

Pursuant to the resolutions passed on 15 January 2010, capital reorganisation (the "Capital Reorganisation") has been effected by way of comprising (a) share consolidation that every five shares of HK$0.01 each in the issued share capital of the Company be consolidated into one consolidated share of HK$0.05 each ("Consolidated Shares"); (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.05 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.04 on each issued Consolidated Share; (c) the transfer of the credit of HK$5,410,642.16 arising from the capital reduction of all issued Consolidated Shares to the contributed surplus account of the Company for the purpose to offset against the accumulated losses permitted by the laws of Bermuda and the bye-laws. The Capital Reorganisation has been completed on 18 January 2010.

Change of Company Name

On 31 July 2009, the Company proposed that the name of the Company be changed from "Golife Concepts Holdings Limited (寶利福控股有限公司*) to "China Star Film Group Limited (中國星電影集團有限公司)". The proposed change in name of the Company had been resolved as a special resolution by the shareholders of the Company at the special general meeting held on 7 September 2009. The Registrar of Companies in Bermuda and Hong Kong had granted approval for the proposed change in name of the Company on 8 September 2009 and 7 October 2009 respectively. The changes of name and stock short name of the Company were effective on 23 October 2009.

Purchase, Sale or Redemption of shares

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive Directors namely, Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng. During the year, the audit committee held four meetings to review the Group's annual report, half-year report and quarterly report.

The Group's annual results for the year ended 31 December 2009 have been reviewed by the audit committee.

* *for identification purpose only*

Corporate Governance Practices

Save as disclosed below, the Company complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 December 2009.

a. Chairman and Chief Executive Officer

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Lai Hok Lim, who is also an executive Director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement form time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

b. Terms of non-executive directors

Under the code provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance the provisions of the Company's bye-laws. At each annual general meeting, one-third of the Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Directors' Securities Transaction

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less that exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities transactions throughout the year ended 31 December 2009.

By Order of the Board
Lai Hok Lim
Chairman

Hong Kong, 11 March 2010

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Lai Hok Lim and Mr. Wong Chi Chiu and three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.

This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of publication and on the Company's website at www.golife.com.hk.