THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Golife Concepts Holdings Limited (the "**Company**"), you should at once hand this prospectus together with the accompanying form of application (as defined herein) (together, the "**Prospectus Documents**") to the purchaser or transferee, or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on GEM (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

GoLife

Golife Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

OPEN OFFER OF 131,570,645 OFFER SHARES AT HK$0.05 PER OFFER SHARE ON THE BASIS OF TWO OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON RECORD DATE PAYABLE IN FULL ON ACCEPTANCE

Underwriter

KINGSTON SECURITIES LIMITED

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. (Hong Kong time) on Monday, 5 January 2009. The procedures for application of the Offer Shares are set out on pages 24 to 25 of this prospectus.

Shares (as defined herein) has been dealt on an ex-entitlements basis from Thursday, 11 December 2008. If Kingston Securities (as defined herein) terminates the Underwriting Agreement (as defined herein) a supplemented by the Supplemental Agreement (as defined herein), or the conditions of the Open Offer (as defined herein) are not fulfilled, the Open Offer will not proceed. Any Shareholders (as defined herein) or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled (which is expected to be Thursday, 8 January 2009) will accordingly bear the risk that the Open Offer could not become unconditional and may not proceed.

It should be noted that if prior to the Latest Time for Termination (as defined herein) (provided that for the purposes of the Underwriting Agreement as supplemented by the Supplemental Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:

(a) 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 Kingston Securities 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 Open Offer; or

(b) 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 Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) 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 Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) 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

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston Securities, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement (as defined herein) or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement as supplemented by the Supplemental Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement as supplemented by the Supplemental Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement as supplemented by the Supplemental Agreement comes to the knowledge of Kingston Securities; or

(2) any Specified Event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement as supplemented by the Supplemental Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

19 December 2008

GEM has been positioned 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 investors should be aware of the potential risks 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this Prospectus, unless the context otherwise requires the following expressions have the following meanings:

"Announcement"	the announcement dated 28 November 2008 in respect of among other matters, the Open Offer
"Application Form(s)"	the form(s) of application for use by the Qualifying Shareholders to apply for assured entitlements of the Offer Shares
"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Board"	the board of Directors
"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
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Golife Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on GEM
"connected person(s)"	has the meaning ascribed to this term under the GEM Listing Rules
"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 adjusted 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 adjusted conversion price of HK$0.125 per Share (subject to adjustment)

"Director(s)"	director(s) of the Company
"Excess Application Form(s)"	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Excess Offer Shares
"Excess Offer Shares"	(i) the entitlements to Offer Shares that would otherwise have been offered to the Prohibited Shareholders and any Offer Shares offered to, but not applied for by, Qualifying Shareholders; and (ii) the fractional entitlements of the Qualifying Shareholders to the Offer Shares which will not be issued but shall be aggregated and made available for subscription by the Qualifying Shareholders by means of the Excess Application Forms
"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
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
"Kingston Securities"	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
"Last Trading Day"	18 November 2008, being the last trading day for the Shares before the date of the Announcement
"Latest Lodging Date"	4:00 p.m. on Friday, 12 December 2008 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
"Latest Practicable Date"	16 December 2008, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

"Latest Time for Acceptance"	4:00 p.m. on Monday, 5 January 2009 or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time for acceptance of, and payment for, the Offer Shares
"Latest Time for Termination"	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time to terminate the Underwriting Agreement as supplemented by the Supplemental Agreement
"Offer Share(s)"	131,570,645 new Shares, to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement as supplemented by the Supplemental Agreement
"Open Offer"	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders and subject to the conditions as set out in the Prospectus Documents for subscription on the terms
"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
"Overseas Shareholders"	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"PRC"	the People's Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prohibited Shareholder(s)"	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them

"Prospectus"	the prospectus issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus, the Application Form and the Excess Application Form
"Prospectus Posting Date"	19 December 2008 or such later date as may be agreed between Kingston Securities and the Company for the despatch of the Prospectus Documents
"Qualifying Shareholders"	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
"Record Date"	18 December 2008, being the date by reference to which entitlements to the Open Offer was determined
"Registrar"	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, being the Company's Hong Kong branch share registrar
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.05 in the share capital of the Company
"Share Options"	options granted under the Share Option Scheme
"Share Option Scheme"	the share option scheme of the Company adopted on 6 March 2002
"Shareholder(s)"	holder(s) of the Share(s)
"Specified Event"	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement as supplemented by the Supplemental Agreement untrue or incorrect in any material respect

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.05 per Offer Share
"Supplemental Agreement"	the supplemental agreement dated 27 November 2008 entered into between the Company and Kingston Securities in relation to the amendments to the Underwriting Agreement
"Underwriting Agreement"	the underwriting agreement dated 19 November 2008 entered into between the Company and Kingston Securities in relation to the Open Offer
"Underwritten Shares"	131,570,645 Offer Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Basis of the Open Offer:	Two Offer Shares for every five existing Shares held on the Record Date
Subscription Price:	HK$0.05 per Offer Share payable in full on acceptance
Number of Shares in issue as at the Latest Practicable Date:	328,926,613 Shares
Number of Offer Shares to be issued:	131,570,645 Offer Shares
Number of Offer Shares underwritten by Kingston Securities:	131,570,645 Offer Shares
Number of Shares in issue upon completion of the Open Offer:	460,497,258 Shares
Amount to be raised by the Open Offer:	HK$5.7 million
Rights of excess application:	The Qualifying Shareholders have the rights to apply for Excess Offer Shares
Underwriter:	Kingston Securities

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

	2009
Latest time for acceptance of and payment for Offer Shares and application for Excess Offer Shares	4:00 p.m. on Monday, 5 January
Latest time for the Open Offer to become unconditional	4:00 p.m. on Thursday, 8 January
Announcement of the results of the Open Offer	Thursday, 8 January
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications	Tuesday, 13 January
Share certificates for Offer Shares to be posted	Tuesday, 13 January
Dealing in fully-paid Offer Shares commences	Thursday, 15 January

All times stated above refer to Hong Kong times.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or

2. a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 5 January 2009. Instead the latest time of acceptance of and payment for the Open Offer will be extended to 5:00 p.m. on the same Business Day; and

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 5 January 2009. Instead the latest time of acceptance of and payment for the Open Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Open Offer does not take place on Monday, 5 January 2009, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

It should be noted that if prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement as supplemented by the Supplemental Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:

   (a) 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 Kingston Securities 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 Open Offer; or

   (b) 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 Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) 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 Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) 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

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston Securities, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement as supplemented by the Supplemental Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement as supplemented by the Supplemental Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement as supplemented by the Supplemental Agreement comes to the knowledge of Kingston Securities; or

(2) any Specified Event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement as supplemented by the Supplemental Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement as supplemented by the Supplemental Agreement having become unconditional and Kingston Securities not having terminated the Underwriting Agreement as supplemented by the Supplemental Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Golife Concepts Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

Executive Directors:
Ms. Gouw San Bo Elizabeth
Mr. Lai Hok Lim
Mr. Lee Chan Wah

Non-executive Director:
Mr. Duncan Chiu

Independent non-executive Directors:
Mr. Lun Pak Sum
Mr. Yip Tai Him
Mr. Law Yiu Sang, Jacky

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite A 15/F
Wyndham Place
40-44 Wyndham Street
Central, Hong Kong

19 December 2008

To the Qualifying Shareholders

Dear Sir or Madam,

OPEN OFFER OF 131,570,645 OFFER SHARES AT HK$0.05 PER OFFER SHARE ON THE BASIS OF TWO OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON RECORD DATE PAYABLE IN FULL ON ACCEPTANCE

INTRODUCTION

On 28 November 2008, the Company proposed to raise not less than approximately HK$5.5 million and not more than approximately HK$14.0 million before expenses, by way of open offer of not less than 110,370,644 Offer Shares and not more than 279,681,928 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 payable in full on acceptance.

Qualifying Shareholders are entitled to apply for Excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

As at the Latest Lodging Date, the Company has 328,926,613 Shares in issue. Given that the register of the members would be closed from 15 December 2008 to 18 December 2008 and no Shares would be issued during the book close period, the total number of issued Shares on the Record Date would be the same as the Latest Lodging Date. As such, on the basis of two Offer Shares for every five existing Shares held on the Record Date, 131,570,645 Offer Shares will be issued and 131,570,645 Offer Shares will be underwritten by Kingston Securities.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer; (ii) financial information of the Group; and (iii) general information of the Group.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	Two Offer Shares for every five existing Shares held on the Record Date
Number of Shares in issue:	328,926,613 Shares as at the Latest Practicable Date
Number of Offer Shares to be issued:	131,570,645 Offer Shares
Subscription Price:	HK$0.05 per Offer Share payable in full on acceptance

As at the Latest Practicable Date, the Company has 594,000 outstanding Share Options and the outstanding Convertible Bonds of HK$45,200,000 which in aggregate entitling holders of the outstanding Share Options and the outstanding Convertible Bonds to subscribe for 370,278,210 Shares. Save as disclosed above, the Company does not have any other outstanding options, convertible notes or securities in issue which are convertible or exchangeable into Shares.

Subscription Price

The Subscription Price is HK$0.05 per Offer Share, payable in full on application. The Subscription Price represents:

(i) a discount of approximately 18.03% to the closing price of HK$0.061 per Share as quoted on GEM on the Last Trading Day;

(ii) a discount of approximately 4.92% to the theoretical ex-entitlement price of approximately HK$0.058 per Share based on the closing price of HK$0.061 per Share as quoted on GEM on the Last Trading Day;

(iii) a discount of approximately 43.82% to the average of the closing prices of HK$0.089 per Share for the last five consecutive trading days prior to the date of the Underwriting Agreement;

(iv) a discount of approximately 53.27% to the average of the closing prices of HK$0.107 per Share for the last ten consecutive trading days prior to the date of the Underwriting Agreement; and

(v) a discount of approximately 3.85% to the closing price of HK$0.052 per Share as quoted on GEM on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and Kingston Securities with reference to, among other things, the prevailing market price of the Shares and the recent financial requirements of the Company. In view of the recent financial requirements of the Group as mentioned on page 92 to this Prospectus and taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors) consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company has sent (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders, if any.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date (i) be registered as a member of the Company; and (ii) not be a Prohibited Shareholder.

In order to be registered as members on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Friday, 12 December 2008. The address of the Registrar is Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The invitation to apply for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on GEM.

Rights of Prohibited Shareholders

The Prospectus Documents are not registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Prohibited Shareholders and in compliance with the relevant GEM Listing Rules, the Company has made necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Overseas Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries.

As at the close of business on the Latest Lodging Date, there were no Overseas Shareholders on the register of members of the Company. Given that the register of the members would be closed from 15 December 2008 to 18 December 2008, there shall be no Overseas Shareholders on the register of members of the Company on the Record Date. Hence, no Shareholders will be excluded from the Open Offer.

Status of the Offer Shares

The Offer Shares (when allotted and fully paid) will rank pari passu with the then existing Shares in issue in all respects on the date of allotment and issue of the Offer Shares. Holders of fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares.

Fractions of Offer Shares

Fractional entitlements of the Qualifying Shareholders to the Offer Shares will not be issued to such Shareholders but will be aggregated and made available for subscription by the Qualifying Shareholders by means of the Excess Application Forms. The Company will not allot any fractions of the Offer Shares.

Application for Excess Offer Shares

Qualifying Shareholders shall be entitled to apply for any entitlements of the Prohibited Shareholders (if any), any Offer Shares not taken up by Qualifying Shareholders and the abovementioned aggregated fractional entitlements. An application may be made by Qualifying Shareholders by completing the Excess Application Form for Excess Offer Shares and lodging the same with a separate remittance for the Excess Offer Shares being applied for before the Latest Time for Acceptance.

For application of Excess Offer Shares, the Company will determine on a fair and equitable basis on the following principles:

(1) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and

(2) subject to availability of Excess Offer Shares after allocation under principle (1) above, the Excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the Excess Offer Shares applied by them, with board lots allocations to be made on a best effort basis.

Shareholders with their Shares held by a nominee (or CCASS) should note that the Board will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the close of business on the Record Date. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names and apply for the Excess Offer Shares themselves.

Certificates and refund cheques for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, as set out in the paragraph headed "Conditions of the Open Offer" below, certificates for all fully-paid Offer Shares are expected to be posted by Tuesday, 13 January 2009 to those Qualifying Shareholders who have applied for, and paid for the Offer Shares, by ordinary post and at their own risk. Refund cheques in respect of the wholly or partially unsuccessful applications for Excess Offer Shares (if any) are expected to be posted by Tuesday, 13 January 2009 by ordinary post to the applicants at their own risk.

Each Qualifying Shareholder who has applied and paid for the Offer Shares will receive one share certificate for all the entitlements to the Offer Shares in fully paid form issued in its favour.

Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to continue to be traded in existing board lot of 20,000 Shares. Dealings in the Offer Shares on GEM will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, the Securities and Futures Commission of Hong Kong transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on GEM, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on GEM or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERWRITING ARRANGEMENT

Underwriting Agreement as supplemented by the Supplemental Agreement

Date of the Underwriting Agreement:	19 November 2008
Date of the Supplemental Agreement:	27 November 2008
Underwriter:	Kingston Securities
Number of Offer Shares underwritten:	131,570,645 Offer Shares
Commission:	1% of the aggregate Subscription Price in respect of the number of Offer Shares on the Record Date

Kingston Securities and its ultimate beneficial owners are Independent Third Parties.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement as supplemented by the Supplemental Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:

 (a) 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 Kingston Securities 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 Open Offer; or

 (b) 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 Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) 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 Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing

the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) 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

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston Securities, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement as supplemented by the Supplemental Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement as supplemented by the Supplemental Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement as supplemented by the Supplemental Agreement comes to the knowledge of Kingston Securities; or

(2) any Specified Event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement as supplemented by the Supplemental Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Open Offer

The Open Offer is conditional upon:

(1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

(2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(3) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of dealings of the Offer Shares;

(4) the obligations of Kingston Securities becoming unconditional and that the Underwriting Agreement as supplemented by the Supplemental Agreement is not terminated in accordance with its terms; and

(5) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement as supplemented by the Supplemental Agreement.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston Securities may agree, the Underwriting Agreement as supplemented by the Supplemental Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Up to the Latest Practicable Date, except for conditions (3), (4) and (5), the above conditions have been fulfilled on the Prospectus Posting Date.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement as supplemented by the Supplemental Agreement having become unconditional and Kingston Securities not having terminated the Underwriting Agreement as supplemented by the Supplemental Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Thursday, 11 December 2008 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement as supplemented by the Supplemental Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 8 January 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE OPEN OFFER

	As at the date of Announcement		After completion of the placing and as at the Latest Practicable Date *(Note 2)*		Immediately after completion of the Open Offer on the assumption as set out in Note 3		Immediately after completion of the Open Offer on the assumption as set out in Note 4	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Gouw Hiap Kian *(Note 1)*	68,732,000	24.91	68,732,000	20.90	96,224,800	20.90	68,732,000	14.93
Goldig Investment Group Limited *(Note 1)*	13,500,000	4.89	13,500,000	4.10	18,900,000	4.1	13,500,000	2.93
Kingston Securities	—	—	—	—	—	—	131,570,645	28.57
Public:								
Placees	—	—	53,000,000	16.11	74,200,000	16.11	53,000,000	11.51
Other Shareholders	193,694,613	70.20	193,694,613	58.89	271,172,458	58.89	193,694,613	42.06
	275,926,613	100.00	328,926,613	100.00	460,497,258	100.00	460,497,258	100.00

Notes:

1. As at the Latest Practicable Date, under the SFO, Mr. Gouw Hiap Kian owns 68,732,000 Shares in his own capacity. Goldig Investment Group Limited is deemed to be interested in 56,000,000 Shares through its interest in the convertible bond 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 SFO, 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. Pursuant to the placing agreement entered into between the Company and Kingston Securities dated 19 November 2008, details of which was announced by the Company on 28 November 2008. The placing of 53,000,000 new Shares at a price of HK$0.075 per new Share had been completed on 10 December 2008.

3. Assuming all Shareholders take up their respective entitlements to the Offer Shares under the Open Offer.

4. Assuming none of the Shareholders take up their respective entitlements to the Offer Shares under the Open Offer and, accordingly, Kingston Securities will take up the Underwritten Shares in full pursuant to the terms of the Underwriting Agreement as supplemented by the Supplemental Agreement.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past 12 months before the date of the Announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
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

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
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

There has been no change in the above use of proceeds for the captioned raising activities.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The estimated net proceeds from the Open Offer will be approximately HK$5.7 million. On 26 November 2008, the Group entered into a sale and purchase agreement relating to the acquisition of investment properties in Mainland China which constitutes a very substantial acquisition on the part of the Company. The Board intends to apply such proceeds from the Open Offer to finance the proposed acquisition of investment properties in Mainland China by the Group.

The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses, of approximately HK$0.87 million, will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

The Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer and the fund raising activities conducted by the Company in the last 12 months.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

For the financial year ended 31 December 2007, the Group recorded an audited net loss of approximately HK$92.2 million of which an one-time write-off goodwill of HK$75.6 million and impairment of intangible assets of HK$4.1 million were recognised. The audited net assets value of the Group as at 31 December 2007 was approximately HK$11.8 million. The performance of the Group is still not satisfactory in the current year as the global financial crisis has begun to affect consumer spending in the Greater China Region. For the period ended 30 September 2008, the Group recorded an unaudited net loss of approximately HK$42.5 million of which an one-time losses attributed by the termination of the acquisition of an international brand of accessories and apparels was recorded. With an aim to strengthen the capital base of the Company and raise funds for general working capital of the Group, the Convertible Bonds in an aggregate principal amount of HK$48.2 million had been issued during the current year. In addition, the Board has implemented measures to cut down costs as well as scale-down its retail operations. The Board believes that the overall overhead in future can be reduced and it will be in the interests of the Group and the shareholders as well.

In view of the business development in the PRC in the past decade, the potential grow in the PRC remains strong given the financial crisis is undergoing globally. The Directors consider that investing in the property market in the PRC will provide opportunity to the Group to diversify the Group's income base in order to achieve stable source of income to the Group.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE CONVERTIBLE BONDS

Pursuant to the terms of the Share Option Scheme and the Convertible Bonds, the exercise prices and the conversion prices of the respective Share Options and Convertible Bonds may be adjusted in accordance with the terms of the Share Option Scheme and the Convertible Bonds upon the Open Offer becoming unconditional. The corresponding adjustments will be made to the number or nominal amount of Shares subject to the respective Share Options and Convertible Bonds so far as unexercised and unconverted, and/or the subscription prices, and/or the method of exercise of the Share Options and the method of conversion of the Convertible Bonds provided that such adjustments will be made on the basis that the proportion of the issued share capital to which a holder of the Share Options and/or Convertible Bonds is entitled after such adjustments will remain the same as that to which he was entitled before such alteration and no Share will be issued at less than its nominal value.

The adjustments in relation to the Share Options and the Convertible Bonds will be announced in a separate announcement by the Company as and when appropriate.

PROCEDURE FOR APPLICATION

Application for Offer Shares

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Monday, 5 January 2009. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Golife Concepts Holdings Limited — Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with, Computershare Hong Kong Investor Services Limited by not later than 4:00 p.m. on Monday, 5 January 2009, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

Application for Excess Offer Shares

Qualifying Shareholders may apply, by way of excess application, for any Offer Shares entitled by the Qualifying Shareholders but not validly applied for by them, any Offer Shares arising from the aggregation of fractional entitlements and any Offer Shares not offered to the Prohibited Shareholders (if any).

Application for Excess Offer Shares should be made by completing the Excess Application Form enclosed with this Prospectus and lodging the same with a separate remittance for the full amount payable in respect of the Excess Offer Shares being applied for in accordance with the instructions printed thereon, with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Monday, 5 January 2009. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, licensed banks in Hong Kong and made payable to "Golife Concepts Holdings

Limited — Excess Application Account" and crossed "Account Payee Only". The share registrar of the Company and transfer office will notify the Qualifying Shareholders of any allotment of the Excess Offer Shares made to them.

It should be noted that unless the duly completed and signed Excess Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 5 January 2009, the Excess Application Form is liable to be rejected.

All cheques or banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form or Excess Application Form in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders under the Open Offer will be deemed to have been declined and will be cancelled.

In the event that applications are received for the Offer Shares in excess of assured entitlements, the Directors will allocate the Offer Shares in excess of assured entitlements at their discretion, but on a fair and reasonable basis based on the principles as stated under the paragraph headed "Application for Excess Offer Shares" under the section headed "Open Offer" above.

Both Application Form and Excess Application Form are for the use by the person(s) named therein only and are not transferable.

No receipt will be issued in respect of any application monies received.

Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by Kingston Securities or subscribers procured by Kingston Securities.

The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group as extracted from the respective quarterly report for the nine months ended 30 September 2008 and annual reports of the Company for the latest three financial years ended 31 December 2007 is set out below:

Results

		Audited			
Results	**Unaudited For the nine months ended 30 September 2008**	**For the year ended 31 December 2007**	**For the period from 1 April 2006 to 31 December 2006** *(Note)*	**For the year ended 31 March 2006** *(Note)*	**For the year ended 31 March 2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	51,177	60,598	18,885	1,359	1,442
Profit/(Loss) before taxation	(42,452)	(92,240)	1,824	(17,726)	(17,163)
Taxation	(12)	—	(676)	—	—
Net profit/(Loss) attributable to shareholders for the period/year	(42,464)	(92,240)	1,148	(17,726)	(17,163)

Assets and liabilities

	Audited As at 31 December		
Assets and liabilities	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	45,717	102,385	17,832
Total liabilities	(33,964)	70,837	12,690
Total equity	11,753	31,548	5,142

Note: The financial year end of the Company changed from 31 March to 31 December.

The Company had received unqualified opinions for the year ended 31 December 2007 and 31 December 2006. Yet, the Company had received qualified opinion for the year ended 31 December 2005.

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 December 2007.

Consolidated Income Statement
Year ended 31 December 2007

	Notes	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
TURNOVER	*7*		
Continuing operations		60,536	18,342
Discontinued operation		62	543
		60,598	18,885
Cost of sales		(22,830)	(7,385)
Gross profit		37,768	11,500
Other revenues and gains	*7*	6,212	5,357
Selling and distribution costs		(3,600)	(994)
Administrative expenses		(55,264)	(12,240)
Finance costs	*8*	(1,800)	(1,799)
Share of loss of jointly controlled entities		(4)	—
Impairment of goodwill		(75,552)	—
PROFIT/(LOSS) BEFORE TAX	*9*		
Continuing operations		(92,580)	486
Discontinued operation	*13*	340	1,338
		(92,240)	1,824
Tax	*11*		
Continuing operations		—	(676)
Discontinued operation		—	—
		—	(676)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS			
Continuing operations		(92,580)	(190)
Discontinued operation	*13*	340	1,338
		(92,240)	1,148
Earnings/(loss) per share	*15*		
From continuing and discontinued operations			
— basic (cents)		(8.69)	0.32
— diluted (cents)		N/A	N/A
From continuing operation			
— basic (cents)		(8.72)	(0.05)
— diluted (cents)		N/A	N/A

Consolidated Balance Sheet

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	6,712	2,955
Goodwill	17		75,552
Intangible assets	18	—	4,720
Investments in jointly controlled entities	20	—	—
Investment in an associate	21	—	—
Total non-current assets		6,712	83,227
CURRENT ASSETS			
Inventories	22	8,992	2,643
Trade receivables	23	4,195	2,209
Deposits, prepayments and other receivables		13,914	4,598
Financial assets at fair value through profit or loss	24	966	6,190
Derivative financial instruments	25	840	92
Amounts due from jointly controlled entities	20	562	—
Pledged deposits		5,949	—
Cash and bank balances		3,587	3,426
Total current assets		39,005	19,158
CURRENT LIABILITIES			
Trade and bills payables	26	2,593	3,116
Other payables and accruals		15,114	3,212
Derivative financial instruments	25	459	—
Interest-bearing bank and other borrowings	27	13,563	12,460
Amount due to a jointly controlled entity	20	675	—
Tax payable		755	1,076
Total current liabilities		33,159	19,864
Net current assets/(liabilities)		5,846	(706)
Total assets less current liabilities		12,558	82,521
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	805	2,785
Convertible notes	29	—	48,188
Total non-current liabilities		805	50,973
Net assets		11,753	31,548
EQUITY			
Issued capital	31	12,470	5,268
Equity component of convertible notes	29	—	11,316
Reserves		(717)	14,964
Total equity		11,753	31,548

Consolidated Statement Of Changes In Equity

Year ended 31 December 2007

	Issued capital *HK$'000*	Share premium *HK$'000*	Equity component of convertible notes *HK$'000*	Exchange reserve *HK$'000*	Share-based payments reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2006	65,850	34,698	—	(15)	—	(106,359)	(5,826)
Capital reorganisation	(64,533)	—	—	—	—	64,533	—
Issue of shares on open offer	3,951	21,730	—	—	—	—	25,681
Share issuance costs	—	(786)	—	—	—	—	(786)
Issue of convertible notes	—	—	11,999	—	—	—	11,999
Redemption of convertible notes	—	—	(683)	—	—	—	(683)
Reserve realized upon disposal of subsidiaries	—	—	—	15	—	—	15
Net profit for the period	—	—	—	—	—	1,148	1,148
At 31 December 2006 and 1 January 2007	5,268	55,642	11,316	—	—	(40,678)	31,548
Redemption of convertible notes — *note 29*	—	—	(195)	—	—	—	(195)
Conversion of convertible notes — *note 29*	5,702	53,546	(11,121)	—	—	—	48,127
Placing of new shares — *note 31*	1,500	23,250	—	—	—	—	24,750
Cost of placing of new shares	—	(335)	—	—	—	—	(335)
Recognition of equity-settled share-based payments — *note 32*	—	—	—	—	98	—	98
Net loss for the year	—	—	—	—	—	(92,240)	(92,240)
At 31 December 2007	12,470	132,103	—	—	98	(132,918)	11,753

Consolidated Cash Flow Statement

Year ended 31 December 2007

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
OPERATING ACTIVITIES		
Profit/(loss) before tax:		
Continuing operations	(92,580)	486
Discontinued operation	340	1,338
Adjustments for:		
Finance costs	1,800	1,799
Interest income	(247)	(9)
Depreciation	2,991	732
Impairment of investment in an associate	—	4
Impairment of goodwill	75,552	—
Impairment of intangible assets	4,047	—
Impairment of trade receivables	490	—
Amortisation of intangible assets	673	280
Equity-settled share option expenses	98	—
Share of loss of jointly controlled entities	4	—
Loss on disposal of property, plant and equipment	501	—
Gain on disposal of subsidiaries	(385)	(1,698)
Waiver of other loan	—	(1,000)
Fair value gain on financial assets at fair value through profit or loss	(4)	(2,014)
Fair value gain on derivative financial instruments	(381)	(92)
Reversal of impairment of trade receivables	—	(3)
Operating cash flow before movements in working capital	(7,101)	(177)
Decrease/(increase) in inventories	(6,349)	2,837
Increase in trade receivables	(2,476)	(409)
Decrease/(increase) in deposits, prepayments and other receivables	(9,316)	5,677
Decrease/(increase) in financial assets at fair value through profit or loss	5,228	(4,176)
Decrease in derivative financial instruments	92	—
Increase/(decrease) in trade and bills payables	(523)	1,342
Increase/(decrease) in other payables and accruals	12,237	(400)
Increase in amount due to a jointly controlled entity	675	—
Cash generated from/(used in) operations	(7,533)	4,694
Interest received	247	9
Hong Kong profits tax paid	(321)	(2,718)
Overseas tax paid	—	(47)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(7,607)	1,938

Consolidated Cash Flow Statement
Year ended 31 December 2007

	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
INVESTING ACTIVITIES		
Acquisition of a subsidiary	—	(21,362)
Disposal of subsidiaries	50	—
Purchases of shareholding in jointly controlled entities	(4)	—
Advances to jointly controlled entities	(562)	—
Purchases of items of property, plant and equipment	(7,249)	(125)
Increase in pledged time deposits	(5,949)	—
NET CASH USED IN INVESTING ACTIVITIES	(13,714)	(21,487)
FINANCING ACTIVITIES		
Interest paid	(1,056)	(315)
Proceeds from issue of shares	24,415	24,895
Redemption of convertible notes	(1,000)	(3,500)
Repayment of other loan	—	(3,775)
New bank loans	3,807	7,300
Repayment of bank loans	(7,202)	(873)
Increase/(decrease) in trust receipt loans	4,577	(3,157)
Repayments of capital element of finance leases	(395)	(183)
NET CASH FROM FINANCING ACTIVITIES	23,146	20,392
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,825	843
Cash and cash equivalents at beginning of year/period	955	112
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,780	955
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,587	3,426
Bank overdrafts	(807)	(2,471)
	2,780	955

Balance Sheet

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	1	81,180
Total non-current assets		1	81,180
CURRENT ASSETS			
Deposits, prepayments and other receivables		7,098	—
Amounts due from subsidiaries	19	13,353	—
Cash and bank balances		1	1
Total current assets		20,452	1
CURRENT LIABILITIES			
Other payables and accruals		5,654	685
Amounts due to subsidiaries	19	3,107	3,915
Total current liabilities		8,761	4,600
Net current assets/(liabilities)		11,691	(4,599)
Total assets less current liabilities		11,692	76,581
NON-CURRENT LIABILITIES			
Convertible notes	29	—	48,188
Net assets		11,692	28,393
EQUITY			
Issued capital	31	12,470	5,268
Equity components of convertible notes	29	—	11,316
Reserves	34	(778)	11,809
Total equity		11,692	28,393

Notes to the Financial Statements

31 December 2007

1. General Information

Golife Concepts Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands and Suite A, 15 Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong, respectively.

The Company's principal activity has not changed during the year and consisted of investment holding. The principal activity of its subsidiaries is distribution of high-end apparel and accessories. The Group was also engaged in design, development and sales of location-based technology devices and application, which were discontinued upon the disposal of subsidiaries in current year, further details of which are set out in note 13 to the financial statements.

2. Basis of Preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention, except for certain financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. Impact of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial statements beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

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

The adoption of the new HKFRSs has given rise to additional disclosures as follows:

HKAS 1 (Amendment) — Capital Disclosures

In accordance with the HKAS 1 (Amendment) — Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change are detailed in note 42.

HKFRS 7 — Financial Instruments: Disclosures

HKFRS 7 — Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements. In particular, the Group's consolidated financial statements now feature:

— a sensitive analysis explained the Group's market risk exposure in regard to its financial instruments, and

— a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items.

3.1 Impact of issued but not yet effective Hong Kong Financial Reporting Standards

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

4. Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the period has been accounted for using purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Company and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Company and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realized upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the ventures, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS39, if the Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly controlled entities

A jointly controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of jointly controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the income statement and reserves, respectively. The Group's interests in associates are stated in the balance sheet at the Group's share of net assets under equity method of accounting, less any impairment losses.

The results of associates are included in the Group's income statement to the extent of dividends received and receivable. The Group's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is initially recognised in the consolidated balance sheet as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups or units. Each unit or group of units to which the goodwill is so allocated:

— represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

— is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cashgenerating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognized for goodwill is not reversed in a subsequent period.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largerly independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except that when an item of property, plant and equipment is classified as held for sale, it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and equipment	20% – 25%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the asset.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Franchise rights

Franchise rights are stated at cost less any impairment losses, and are amortised on the straightline basis over their estimated useful lives of 4 to 10 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. The rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investment and other financial assets

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contracts that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sales financial assets are those non-derivative financial assets in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other three categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, its transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial asset) is derecognised where:

— the rights to receive cash flows from the asset have expired;

— the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

— the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability components is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existed liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes on fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to the present value of estimated future cash flows.

For the purpose of hedge accounting, hedges are classified as:

— fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; or

— cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follow:

Fair value hedges

Fair value hedges are hedges of the Company's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are taken to profit or loss.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining terms to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss.

Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised on profit or loss.

The Company discontinues fair value hedge accounting of the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges

Cash flow hedges are hedges of the Company's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profits or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost if a non-financial asset or liability, the accounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

— where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Equity-settled share-based payment transactions

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employee is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group ("market conditions"), if applicable.

Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At each balance sheet date, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognized in profit or loss.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Group's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the period. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into Hong Kong dollars at the weighted average exchange rates for the period.

5. Significant Accounting Judgements And Estimates

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2007 was nil (2006: approximately HK$75,552,000). More details are given in note 17.

Impairment for trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by a review of their current credit information. The Group continuously monitors collections and payments from its customers and maintain a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified.

6. Segment Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

(i) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 December 2007 and the period from 1 April 2006 to 31 December 2006.

For management purposes, the Group is organized into two operating divisions — design, development and sales of location-based technology devices and applications, and distribution of high-end apparel and accessories. These divisions are the basis on which the Group reports its primary segment information. In September 2007, the Group ceased the business of design, development and sales of location-based technology devices and application.

Segment information about these businesses is presented below.

	Continuing operation		Discontinued operation			
	Distribution of high-end apparel and accessories		Design, development and sales of location-based technology devices and applications		Consolidated	
	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover:						
External turnover	60,536	18,342	62	543	60,598	18,885
Results:						
Segment results	(91,264)	363	340	1,338	(90,924)	1,701
Unallocated revenue					5,014	3,412
Unallocated expenses					(4,530)	(1,490)
Finance costs					(1,800)	(1,799)
Profit/(loss) before tax					(92,240)	1,824
Tax					—	(676)
Profit/(loss) for the year/period					(92,240)	1,148

	Continuing operation		Discontinued operation			
	Distribution of high-end apparel and accessories		Design, development and sales of location-based technology devices and applications		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets:						
Segment assets	35,262	94,395	—	1	35,262	94,396
Unallocated corporate assets					10,455	7,989
Total assets					45,717	102,385
Liabilities:						
Segment liabilities	27,456	21,547	—	417	27,456	21,964
Unallocated corporate liabilities					6,508	48,873
Total liabilities					33,964	70,837

	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
Other segment information:						
Capital expenditure	7,249	1,741	—	—	7,249	1,741
Depreciation	2,991	732	—	—	2,991	732
Amortisation	673	280	—	—	673	280
Impairment loss	80,089	—	—	4	80,089	4

(ii) ***Geographical segments***

The following tables present revenue, assets and capital expenditures for the Group's geographical segments for the year ended 31 December 2007 and the period from 1 April 2006 to 31 December 2006.

	Hong Kong		Taiwan		Consolidated	
	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
Turnover:						
Continuing operations	47,108	13,255	13,428	5,087	60,536	18,342
Discontinued operation	62	543	—	—	62	543
External turnover	47,170	13,798	13,428	5,087	60,598	18,885
Assets:						
Segment assets	38,407	19,392	7,310	2,721	45,717	22,113
Unallocated corporate assets					—	80,272
Total assets					45,717	102,385
Other segment information:						
Capital expenditure	4,475	1,741	2,774	—	7,249	1,741

7. Turnover, Other Revenues and Gains

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

An analysis of the Group's turnover, other revenues and gains is as follows:

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
TURNOVER		
CONTINUING OPERATIONS		
Distribution of high-end apparel and accessories	60,536	18,342
DISCONTINUED OPERATION		
Design, development and sales of location-based technology devices and applications	62	543
	60,598	18,885
OTHER REVENUES AND GAINS		
Bank interest income	247	9
Consultancy fee income	—	72
Fair value gain on financial assets at fair value through profit or loss	4	2,014
Fair value gain on derivative financial instruments	381	92
Gain on disposal of subsidiaries	385	1,698
Gain on disposal of financial assets at fair value through profit or loss	4,813	398
Management services income	340	—
Reversal of impairment of trade receivables	—	3
Sundry income	42	71
Waiver of other loan	—	1,000
	6,212	5,357

8. Finance Costs

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Interest on convertible notes	744	1,484
Interest on bank loans and overdrafts wholly repayable within five years	1,004	289
Interest on finance leases	52	26
	1,800	1,799

9. Profit/(Loss) before Tax

Profit/(loss) before tax is arrived at after charging:

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Cost of inventories sold	22,830	7,323
Cost of services rendered	—	62
Auditor's remuneration	360	295
Amortisation of intangible assets	673	280
Depreciation of property, plant and equipment	2,991	732
Loss on disposal of property, plant and equipment	501	—
Exchange losses, net	378	76
Minimum lease payments under operating leases on land and buildings	15,202	3,962
Impairment of investment in an associate	—	4
Impairment of trade receivables	490	—
Impairment of intangible assets	4,047	—
Staff costs (excluding directors' remuneration — *note 10*)		
Salaries and allowances	11,778	3,119
Equity-settled share option expenses	32	—
Pension scheme contributions	364	128
	12,174	3,247

10. Directors' Remuneration and Five Highest Paid Employees

The remuneration of each director for the year ended 31 December 2007 and the period from 1 April 2006 to 31 December 2006 are set out below:

Year ended 31 December 2007:

	Fees	Salaries and allowances	Retirement scheme contribution	Share option benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Lo Mun Lam, Raymond	380	—	—	—	380
Gouw San Bo, Elizabeth *(note 1)*	—	1,227	6	—	1,233
Richard Yen *(note 2)*	500	944	33	631	
Leung Tak Wah *(note 3)*	—	246	7	—	253
Non-executive directors					
Duncan Chiu	—	—	—	33	33
Yu Wai Yin, Vicky *(note 4)*	33	—	—	—	33
Independent non-executive directors					
Lum Pak Sum	221	—	—	—	221
Sum Chun Ho, Sam	60	—	—	—	60
Wan Kwok Pan	49	—	—	—	49
Total	1,243	1,567	17	66	2,893

Period from 1 April 2006 to 31 December 2006

	Fees	Salaries and allowances	Retirement scheme contribution	Share option benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Lo Mun Lam, Raymond	200	—	—	—	200
Leung Tak Wah	—	190	9	—	199
Yu Wai Yin, Vicky *(note 4)*	40	—	—	—	40
Non-executive directors					
Duncan Chiu *(note 5)*	—	—	—	—	—
Richard Yen *(note 2)*	—	—	—	—	—
Independent non-executive directors					
Lum Pak Sum	—	—	—	—	—
Sum Chun Ho, Sam	19	—	—	—	19
Wan Kwok Pan	14	—	—	—	14
Total	273	190	9	—	472

Notes:

1. Ms. Gouw San Bo, Elizabeth was appointed as an executive director on 11 July 2007.

2. Mr. Richard Yen was appointed as a non-executive director and redesignated as an executive director on 27 September 2006 and 28 August 2007, respectively.

3. Mr. Leung Tak Wah resigned as an executive director on 11 July 2007.

4. Ms. Yu Wai Yin Vicky, was redesignated as a non-executive director on 3 April 2007.

5. Mr. Duncan Chiu was appointed as a non-executive director on 27 September 2006.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year/period.

Of the five highest paid individuals, three (period ended 31 December 2006: two) were directors of the Company and their remuneration has been included in the directors' remuneration disclosures above and the disclosure below. Details of the emoluments of the remaining two (period ended 31 December 2006: three) non-directors, highest paid employees of the Group for the year/period are as follows:

	Year ended 31/12/2007 *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Basic salaries, allowances and other benefits in kind	3,868	600
Share option benefit	32	—
Retirement benefits scheme contributions	18	30
	3,918	630

Included in the above, the remuneration of Ms. Gouw San Bo, Elizabeth, an executive director, who was one of the five highest paid individuals for the period from 1 April 2006 to 31 December 2006 before appointed as an executive director in current year is as follows:

	Year ended 31/12/2007 *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Basic salaries, allowances and other benefits in kind	953	460
Share option benefit	—	—
Retirement benefits scheme contributions	6	4
	959	464

The number of non-director, highest paid individuals whose remuneration fell within the following bands (excluding Ms. Gouw San Bo), is as follows:

	Year ended 31/12/2007 *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Nil to HK$1,000,000	1	3
HK$2,000,001 to HK$2,500,000	1	—
	2	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (period ended 31 December 2006: nil).

During the year, share options were granted to a non-director, highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been charged to the income statement, was determined as at the date of the grant and was included in the above non-director, highest paid employees' remuneration disclosures.

Retirement benefit costs

The Group operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is defined contribution retirement scheme administrated by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the Scheme vest immediately. At the balance sheet date, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

11. Tax

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in Hong Kong during the year. In prior year, Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of tax prevailing in the countries in which the Group operates.

	Year ended 31/12/2007 *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Current provision:		
— Hong Kong	—	575
— Overseas	—	101
	—	676
Attributable to:		
Continuing operations	—	676
Discontinued operation *(note 13)*	—	—
	—	676

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rate for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	Year ended 31/12/2007		**Period from 1/4/2006 to 31/12/2006**	
	HK$'000	*%*	*HK$'000*	*%*
Profit/(loss) before tax	(92,240)		1,824	
Tax at the domestic income tax rate	(16,142)	(17.5)	319	17.5
Effect of different tax rates in other jurisdictions	(74)	(0.1)	(24)	(1.3)
Income not subject to tax	(70)	(0.1)	(471)	(25.8)
Expenses not deductible for tax	15,708	17.0	336	18.4
Deductible temporary differences not recognized	30	0.1	—	—
Tax losses not recognized	548	0.6	516	28.3
Tax charge at effective rate	—	—	676	37.1

12. Net Loss Attributable to Shareholders

The net loss attributable to shareholders for the year ended 31 December 2007 dealt with in the financial statements of the Company is approximately HK$89,146,000 (period ended 31 December 2006: loss of approximately HK$7,511,000).

13. Discontinued Operation

On 20 September 2007, the Group decided to cease its business of design, development and sales of location-based technology devices and application. On 27 September 2007, the Company disposed of Satellite Devices (BVI) Limited, which held a subsidiary called Satellite Devices Limited. Satellite Devices (BVI) Limited engaged in investment holding and Satellite Devices Limited engaged in design, development and sales of location-based technology devices and application and was a separate business segment that was part of Hong Kong operations.

The operating result associated with the business of design, development and sales of location-based technology devices and application for the year/period and gain on disposal of subsidiaries related to the discontinued operation are presented below:

	Notes	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
Turnover	7	62	543
Cost of sales		—	(62)
Other revenues and gains		—	74
Selling and distribution costs		—	(5)
A dministrative expenses		(107)	(910)
Loss before tax and gain on disposal of subsidiaries		(45)	(360)
Gain on disposal of subsidiaries	35	385	1,698
Profit before tax from the discontinued operation		340	1,338
Tax	11	—	—
Profit attributable to shareholders from the discontinued operation		340	1,338

The net cash flows incurred by the disposed group are as follows:

	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
Operating activities	(1)	(89)
Investing activities	50	—
Financing activities	—	—
Net cash inflow/(outflow)	49	(89)

14. Dividend

The directors of the Company do not recommend the payment of a dividend for the year (period ended 31 December 2006: nil).

15. Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*
For continuing and discontinued operations Profit/(loss) attributable to shareholders	(92,240)	1,148
For continuing operations Loss attributable to shareholders	(92,580)	(190)
	Number of shares	
Weighted average number of ordinary shares in issue during the year/period	1,061,242,585	361,577,386

Diluted earnings/(loss) per share is not presented as the convertible notes and share options had anti-dilutive effects on the basic earnings/(loss) per share.

16. Property, Plant and Equipment

Group

	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 April 2006	—	—	—	—
Acquired on acquisition of a subsidiary	3,805	544	—	4,349
Additions	52	73	1,616	1,741
At 31 December 2006 and 1 January 2007	3,857	617	1,616	6,090
Additions	6,298	951	—	7,249
Disposals	(1,493)	—	—	(1,493)
At 31 December 2007	8,662	1,568	1,616	11,846
Accumulated depreciation:				
At 1 April 2006	—	—	—	—
Acquired on acquisition of a subsidiary	2,050	353	—	2,403
Charge for the period	347	62	323	732
At 31 December 2006 and 1 January 2007	2,397	415	323	3,135
Charge for the year	2,469	198	324	2,991
Disposals	(992)	—	—	(992)
At 31 December 2007	3,874	613	647	5,134
Net book value:				
At 31 December 2007	4,788	955	969	6,712
At 31 December 2006	1,460	202	1,293	2,955

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles at 31 December 2007, approximately amounted to HK$969,000 (2006: HK$1,293,000).

17. Goodwill

Group

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated balance sheet, arising from the acquisition of a subsidiary, are as follows:

	HK$'000
At 1 April 2006	—
Arising from acquisition of a subsidiary	75,552
Impairment during the period	—
At 31 December 2006 and 1 January 2007	75,552
Impairment during the year	(75,552)
At 31 December 2007	—

Impairment test for cash-generating units containing goodwill and intangible assets (note 18).

Goodwill acquired has been allocated to the cash generating unit ("CGU") of Golife (Hong Kong) Limited, a wholly owned subsidiary of the Company.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the businesses in which the CGUs operate.

Key assumptions used for value-in-use calculations:

	2007
Gross profit margin	61.5%
Growth rate	5.0%
Discount rate	10.8%

Management determined the budgeted gross profit margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant the CGU.

The recoverable amounts of the CGU are lower than their carrying amounts based on value-in-use calculations.

Accordingly, the goodwill was fully impaired during the year. Impairment loss of approximately HK$75,552,000 (period ended 31 December 2006: nil) is recognised in the consolidated income statement.

18. Intangible Assets

Group

	Franchise rights *HK$'000*
Cost:	
At 1 April 2006	—
Arising from acquisition of a subsidiary	5,000
At 31 December 2006, 1 January 2007 and 31 December 2007	5,000
Accumulated amortisation and impairment:	
At 1 April 2006	—
Amortised for the period	280
At 31 December 2006 and 1 January 2007	280
Amortised for the year	673
Impairment for the year	4,047
At 31 December 2007	5,000
Net book value:	
At 31 December 2007	—
At 31 December 2006	4,720

Intangible assets acquired has been allocated to the cash generating unit ("CGU") of Golife (Hong Kong) Limited, a wholly owned subsidiary of the Company. The Group tests intangible assets annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Accordingly, the intangible assets were fully impaired during the year. Impairment less of approximately HK$4,047,000 (period ended 31 December 2006: nil) is recognised in the consolidated income statement. Further details of the impairment test are also set out in note 17.

19. Interests in Subsidiaries

	Company	
	2007 *HK$'000*	**2006** *HK$'000*
Unlisted shares, at cost	81,181	81,180
Impairment in value	(81,180)	—
	1	81,180
Amounts due from subsidiaries	17,853	102,193
Amounts due to subsidiaries	(3,107)	(3,915)
Impairment in value	(4,500)	(102,193)
	10,246	(3,915)
	10,247	77,265

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from/(to) subsidiaries approximate their fair values.

Particulars of the subsidiaries of the Company as at 31 December 2007 are as follows:

Name	Place of incorporation/ registration	Issued and fully paid up capital/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Golife (Hong Kong) Limited	Hong Kong	HK$500,000	100%	—	Distribution of high-end apparel and accessories
Golife (Trading) Limited	Hong Kong	HK$300,000	—	100%	Distribution of high-end jewellery and accessories
Golife (Management) Limited (Formerly known as On Winner Enterprises Limited)	Hong Kong	HK$10,000	—	100%	Dormant
GOL (International) Limited	British Virgin Islands	US$1	—	100%	Dormant
Peak Choice Limited	British Virgin Islands	US$1	100%	—	Investment in securities
Sunfame Limited	British Virgin Islands	US$100	100%	—	Dormant
Profit First Investments Limited	British Virgin Islands	US$1	100%	—	Investment holding
Better Point Limited	British Virgin Islands	US$1	100%	—	Investment holding
CR Hong Kong (Trading) Limited	Hong Kong	HK$1	—	100%	Dormant

20. Interests in Jointly Controlled Entities

	Group 2007	Group 2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	4	—
Share of post acquisition loss	(4)	—
	—	—
Amounts due from jointly controlled entities	562	—
Amount due to a jointly controlled entity	(675)	—
	(113)	—

The share of post acquisition loss is limited to the cost of investments. The unrecognized share of post acquisition loss for the year is amounted to approximately HK$725,000.

The amounts due from/(to) the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from/(to) the jointly controlled entities approximate to their fair value.

Particulars of the jointly controlled entities as at 31 December 2007 are as follows:

Name	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
LOC Limited	British Virgin Islands	50	50	50	Investment holding
Life of Circle Limited	Hong Kong	50	50	50	Wholesales of high-end jewellery and accessories
CR Hong Kong Limited	Hong Kong	50	50	50	Dormant

All of the above investments in jointly controlled entities are indirectly held by the Company.

The following table illustrates the summarized financial information of the Group's jointly controlled entities:

	2007	2006
	HK$'000	*HK$'000*
The jointly controlled entities' assets and liabilities:		
Current assets	1,400	—
Non-current assets	12	—
Current liabilities	(2,862)	—
Non-current liabilities	—	—
Net liabilities	(1,450)	—
Group's share of net assets of jointly controlled entities	—	—
The jointly controlled entities' results:		
Turnover	3,606	—
Cost of sales	(2,511)	—
Gross profit	1,095	—
Total expenses	(2,553)	—
Tax	—	—
Loss after tax	(1,458)	—
Group's share of loss of jointly controlled entities for the year	(4)	—
Unrecognized and accumulated unrecognized share of loss of jointly controlled entities	(725)	—

21. Investment in an Associate

	Group 2007	2006
	HK$'000	*HK$'000*
Share of net assets	—	4
Impairment	—	(4)
	—	—

The investment in an associate was disposed during the year.

22. Inventories

	Group 2007	2006
	HK$'000	*HK$'000*
Merchandise	8,992	2,643

At 31 December 2007, no inventories were carried at net realisable value (2006: Nil).

23. Trade Receivables

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	Group 2007	2006
	HK$'000	*HK$'000*
0 — 30 days	2,430	1,710
31 — 60 days	1,503	499
61 — 90 days	24	—
Over 90 days	728	—
	4,685	2,209
Less: impairment	(490)	—
	4,195	2,209

24. Financial Assets at Fair Value Through Profit or Loss

	Group 2007	2006
	HK$'000	*HK$'000*
Equity investments listed in Hong Kong, at fair value	238	1,493
Derivative financial assets, at fair value	728	4,697
	966	6,190

At 31 December 2007, the carrying amount of the Group's financial assets at fair value through profit or loss amounted to approximately HK$728,000 was pledged as security for the Group's bank loans amounted to approximately HK$787,000 (2006: nil), as further detailed in note 27 to the financial statements.

The above equity investments were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

25. Derivative Financial Instruments

	Group			
	2007		2006	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Foreign currency contracts	840	459	92	—

The carrying amount of forward currency contracts are the same as their fair values.

The Group has eight forward currency contracts outstanding at 31 December 2007 (2006: two) to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to approximately HK$381,000 was credited to the income statement during the year (period ended 31 December 2006: approximately HK$92,000).

26. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
0 — 30 days	1,707	2,433
31 — 60 days	178	367
61 — 90 days	13	16
Over 90 days	695	300
	2,593	3,116

27. Interest-bearing Bank and Other Borrowings

	Group					
	2007			2006		
	Effective interest rate *(%)*	**Maturity or interest reprice date, whichever is earlier**	*HK$'000*	**Effective interest rate** *(%)*	**Maturity or interest reprice date, whichever is earlier**	*HK$'000*
Current						
Finance lease payables — *note 28*	3.35%	2008	395	3.35%	2007	395
Bank overdrafts — secured	best lending rate	on demand	807	best lending rate + 1%	on demand	2,471
Bank loans — secured	5.81% or prime rate +2%	2008	5,021	prime rate +2%	2007	6,831
Trust receipt loans — secured	best lending rate	2008	7,340	best lending rate	2007	2,763
			13,563			12,460
Non-current						
Finance lease payables — *note 28*	3.35%	2009 – 2011	643	3.25%	2008 – 2011	1,038
Bank loans — secured	prime rate +2%	2009 – 2010	162	prime rate + 2%	2008 – 2009	1,747
			805			2,785
			14,368			15,245

	Group 2007 HK$'000	2006 HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	13,168	12,065
In the second year	162	1,584
In the third to fifth years, inclusive	—	163
	13,330	13,812
Other borrowings payable:		
Within one year or on demand	395	395
In the second year	395	395
In the third to fifth years, inclusive	248	643
	1,038	1,433
	14,368	15,245

The Group's banking facilities are secured by:

(i) the pledge of certain of the Group's fixed deposits amounted to approximately HK$5,949,000;

(ii) the pledge of certain of the Group's financial assets at fair value through profit or loss with carrying amount of approximately HK$728,000;

(iii) corporate guarantee provided by the Company; and

(iv) personal guarantees provided by directors of a subsidiary of the Group.

28. Finance Lease Payables

The Group leases its motor vehicles for its business. The leases are classified as finance leases and have remaining lease terms ranging from three to four years.

At the balance sheet date, the total future minimum lease payments under finance lease and the present value, were as follows:

	Group			
	Minimum lease payments 2007 *HK$'000*	**Minimum lease payments 2006** *HK$'000*	**Present value of minimum lease payments 2007** *HK$'000*	**Present value of minimum lease payments 2006** *HK$'000*
Amount payable:				
Within one year	447	447	395	395
In the second year	447	447	395	395
In the third year to fifth years, inclusive	280	727	248	643
Total minimum finance lease payments	1,174	1,621	1,038	1,433
Future finance charges	(136)	(188)		
Total net finance lease payables	1,038	1,433		
Portion classified as current liabilities — *note 27*	(395)	(395)		
Long term portion — *note 27*	643	1,038		

29. Convertible Notes

On 31 July 2006, the Company issued interest-free convertible notes with a nominal value of HK$61.52 million to an independent noteholder. The noteholder has the right to convert the whole or any part of the principal amount of the convertible note into shares at any time and from time to time after six months from the date of issue of the convertible notes up to the date immediately prior to the maturity date.

The fair value of the liability component and the equity conversion component were determined at issurance of the convertible notes. The fair value of the liability component was calculated using a market interest rate. The residual amount, representing the value of the equity conversion component, has been included in the convertible notes reserve.

The convertible notes recognized in the balance sheets of the Group and the Company are calculated as follows:

	Group and Company
	HK$'000
Nominal value of convertible notes issued on 31 July 2006	61,520
Equity component	(11,999)
Liability component at the issuance date	49,521
Redemption during the period	(2,817)
Interest expenses	1,484
Liability component at 31 December 2006 and 1 January 2007	48,188
Redemption during the year	(805)
Conversion during the year	(48,127)
Interest expenses	744
Liability component at 31 December 2007	—
Equity component at the issuance date	11,999
Redemption during the period	(683)
Equity component at 31 December 2006 and 1 January 2007	11,316
Redemption during the year	(195)
Conversion during the year	(11,121)
Equity component at 31 December 2007	—

During the year, the convertible notes of the Company were redeemed and converted into ordinary shares.

30. Deferred Tax

Group

The movements in deferred tax liabilities and assets during the year/period are as follows:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 April 2006	(7)	7	—
Charged/(credited) to consolidated income statement	1	(1)	—
At 31 December 2006 and 1 January 2007	(6)	6	—
Charged/(credited) to consolidated income statement	(15)	15	—
At 31 December 2007	(21)	21	—

For purpose of the balance sheet presentation, the above deferred tax assets and liabilities were offset.

As at 31 December 2007, the Group had estimated unused tax losses of approximately HK$1,937,000 (2006: approximately HK$97,340,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset was recognized during the year (2006: nil) due to the unpredictability of future profit streams. The unrecognized tax losses may be carried forward indefinitely.

31. Share Capital

	2007 *HK$'000*	2006 *HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	100,000	100,000
Issued and fully paid:		
1,247,001,488 (2006: 526,801,488) ordinary share of HK$0.01 each	12,470	5,268

A summary of the movements of the Company's issued capital and share premium account is as follows:

	Notes	Number of shares in issue	Issued capital HK$'000	Shares premium HK$'000	Total HK$'000
At 1 April 2006, ordinary shares of HK$0.1 each		658,501,863	65,850	34,698	100,548
Capital reorganisation	*(i)*	(526,801,491)	(64,533)	—	(64,533)
Open offer, net	*(ii)*	395,101,116	3,951	20,944	24,895
At 1 January 2007, ordinary shares of HK$0.01 each		526,801,488	5,268	55,642	60,910
Conversion of convertible notes	*(iii)*	570,200,000	5,702	53,546	59,248
Placing, net	*(iv)*	150,000,000	1,500	22,915	24,415
At 31 December 2007, ordinary shares of HK$0.01 each		1,247,001,488	12,470	132,103	144,573

Notes:

(i) Pursuant to the capital reorganization completed on 22 June 2006, 658,501,863 issued shares were consolidated into 131,700,372 shares on the basis of every 5 shares consolidated into 1 share. The nominal value of each issued consolidated share was then reduced from HK$0.1 each to HK$0.01 each by way of a reduction of capital. Accordingly, an amount of HK$64,533,183 from the share capital account was applied towards the elimination of part of the accumulated losses of the Company.

(ii) 395,101,116 new ordinary shares of the Company were issued under the Open Offer on 25 July 2006, proceed of approximately HK$23.05 million was being raised as working capital.

(iii) During the year, convertible notes with principal amount of HK$57,020,000 were converted into 570,200,000 ordinary shares at a conversion price of HK$0.10 per share.

(iv) 150,000,000 new ordinary shares of the Company had been issued at a placing price of HK$0.165 per share on 18 June 2007, proceed of approximately HK$24,415,000 was being raised as working capital.

32. Share Option Scheme

The Company adopted a Share Option Scheme (the "Scheme") on 6 March 2002. Under the terms of the Scheme, the board of directors of the Company (the "Board") may, at their discretion, grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contribution to the Group. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 30% of the issued share capital of the Company.

The subscription price will be determined by the Board and will not be less than the highest of (i) the nominal value of the shares on the date of the offer, (ii) the closing price of the shares on the date of grant of the options, and (iii) the average of the closing prices of the shares on the five business days immediately preceding the date of offer of the options. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. The Scheme is valid and effective for a period of ten years from the listing of the Company's shares on the GEM on 26 March 2002. Any options granted under the Scheme may be exercised at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the date of grant of the option. Upon acceptance of the option, the grantee must pay HK$1.00 to the Company by way of consideration for the grant.

On 3 July 2007, the Company granted share options to certain of its directors and employees at a nominal consideration of HK$1.00 for each lot of share option to subscribe for an aggregate of 2,970,000 shares under the Scheme at an exercise price of HK$0.219 per share.

(a) Details of share options granted during the year and remain outstanding as at year end

Name and categories of grantees	**Date of grant**	**Exercise period**	**Exercise price per share**	**Number of options 2007**	**Number of options 2006**
			HK$		
Non-executive directors					
Duncan Chiu	3/7/2007	3/7/2007-5/3/2012	0.219	990,000	—
Richard Yen	3/7/2007	3/7/2007-5/3/2012	0.219	990,000	—
Sub-total				1,980,000	—
Employee					
In aggregate	3/7/2007	3/7/2007-5/3/2012	0.219	990,000	—
Total				2,970,000	—

(b) The fair value of options granted under the Scheme measured at the date of grant on 3 July 2007 was approximately HK$98,000. The following significant assumptions were used to derive the fair values using the Binomial Option Pricing Model:

Date of grant	3 July 2007
Time to maturity *(year)*	4.7
Expected volatility *(%)*	35.0
Risk-free interest rate *(%)*	4.5
Up movement probability *(%)*	49.9
Sub-optimal factor	1.5

Taken into consideration of early exercise behavior of the option holders, sub-optimal factor of 1.5 was used. Due to the recent business transformation of the Company, the historical volatility of the Company cannot fully reflect the stock price movement of new business of the Company. The calculation of expected volatility used the historical volatility of two comparable companies with similar business.

33. Employee Award Plan

The Company's employee award plan (the "Plan") was adopted by the Board of Directors on 24 July 2007 for the primary purpose of recruiting and motivating employees and directors to achieve superior performance. The Plan is valid and effective for 10 years commencing 24 July 2007. Under the Plan, the Remuneration Committee of the Company may conditionally grant an award to any directors or employee of the Company and its subsidiaries. Upon vesting of the award, the grantee shall be entitled to cash payment under the award if the vesting price exceeds award price, subject to an overall limit as stated in the award letter.

The amount of award payment shall be determined in accordance with the following formula:

(Vesting Price — Award price) x Award Number

Vesting price means the average closing price of the Company's shares as stated in the daily quotation sheets issued by the stock exchange for five business days immediately preceding the vesting date.

The following tables set out the movement in the Plan:

Year ended 31 December 2007

Name and categories of grantees	Date of grant	Date of expiry	Award number	Award Price	Overall limit of cash payment	Award granted during the year
				HK$	*HK$'000*	*HK$*
Director						
Gouw San Bo, Elizabeth	25 July 2007	31 December 2007	30,000,000	0.236	3,000	—
Lo Mun Lam, Raymond	25 July 2007	31 December 2007	5,000,000	0.236	500	—
Richard Yen	25 July 2007	31 December 2007	5,000,000	0.236	500	—
Sub-total			40,000,000		4,000	—
Employee						
In aggregate	25 July 2007	31 December 2007	85,000,000	0.236	8,500	—
Total			125,000,000		12,500	—

No grantee was entitled to any payment under the award during the year.

34. Reserves

The amounts of the Group's reserves and the movements therein for the current year and prior period are presented in the consolidated statement of changes in equity on page 34 of the financial statements.

Company

	Share premium HK$'000	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	34,698	—	(100,855)	(66,157)
Capital reorganization	—	—	64,533	64,533
Issue of shares on open offer	21,730	—	—	21,730
Share issuance costs	(786)	—	—	(786)
Net loss for the period	—	—	(7,511)	(7,511)
At 31 December 2006 and 1 January 2007	55,642	—	(43,833)	11,809
Conversion of convertible notes	53,546	—	—	53,546
Placing of new shares — *note 31*	23,250	—	—	23,250
Cost of placing of new shares	(335)	—	—	(335)
Recognition of equity-settled share-based payments — *note 32*	—	98	—	98
Net loss for the year	—	—	(89,146)	(89,146)
At 31 December 2007	132,103	98	(132,979)	(778)

Note: The share premium account of the Company is the premium from the shares issued. Under the Companies Law of the Cayman Islands, the share premium is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when fall due in the ordinary course of business.

At 31 December 2007, in the opinion of the directors, there is no Company's reserves available for distributions to shareholders (2006: HK$11,809,000).

35. Disposal of Subsidiaries

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Net liabilities disposal of:		
Amounts due to group companies	(100,521)	(3,193)
Accrued liabilities	(335)	—
	(100,856)	(3,193)
Realisation of reserves	—	15
Gain on disposal of subsidiaries	385	1,698
A mounts waived by group companies	100,521	1,480
	50	—
Satisfied by:		
Cash	50	—

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Cash consideration	50	—
Cash and bank balances disposed of	—	—
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	50	—

36. Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group and the Company had the following material transactions with related parties during the year/period:

		Group	
			Period from
		Year ended	**1/4/2006 to**
		31/12/2007	**31/12/2006**
	Notes	*HK$'000*	*HK$'000*
Management fee charged by a related company	*(i)*	984	495
Sales to a jointly controlled entity	*(ii)*	11	—
Purchases from a jointly controlled entity	*(iii)*	3,446	—
Management fee income charged to a jointly controlled entity	*(iv)*	340	—
Subsidy received from a jointly controlled entity and deducted the cost of leasehold improvements	*(v)*	100	—
		Company	
Management fee income charged to subsidiaries	*(vi)*	780	—

Notes:

(i) Management fee was charged at a rate mutually agreed between the Group and the related company in which certain directors of the Company's subsidiary have beneficial interests, by reference to sharing of office premises and supplies, and manpower in provision of administrative services to the Group.

(ii) Sales to a jointly controlled entity were carried out at cost.

(iii) Purchases from a jointly controlled entity were carried out in accordance with the negotiated prices with reference to market price.

(iv) Management fee income was charged at a rate mutually agreed between the Group and a jointly controlled entity and based on the cost of the administrative services provided by the Group.

(v) Subsidy received from a jointly controlled entity was based on a pre-agreed fixed amount.

(vi) Management fee income was charged by the Company based on the cost of manpower in provision of human resource services to the subsidiaries.

(b) On 15 August 2007, Better Point Limited ("Better Point"), a wholly-owned subsidiary of the Company, entered into an agreement with Austen Limited ("Austen") in which Mr. Richard Yen, a director of the Company, has interest, to establish CR Hong Kong Limited ("CR Hong Kong") which will principally engage in the holding of licensing rights including without limitation the investment in design, manufacturing and distribution of fashion and life style product of the brand called Cynthia Rowley.

(c) The Group's related company has guaranteed the trust receipt loans and bank overdrafts made to the Group's subsidiary up to HK$4,000,000 and HK$1,000,000 respectively at nil consideration. At the balance sheet date, such guarantee has been released by the related company.

37. Contingent Liabilities

At the balance sheet date, the Company has given unlimited corporate guarantees (2006: unlimited) to banks to secure the banking facilities granted to its subsidiaries. Facilities amounting to HK$12,490,038 (2006: HK$5,429,000) were utilized at the balance sheet date.

38. Operating Lease Arrangements

The Group leases certain retail shops and office premises under operating lease arrangements. Leases for retail shops and office premises are negotiated for terms ranging from 1 to 3 years. At the balance sheet date, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Within one year	14,783	6,301
In the second to fifth years, inclusive	13,581	4,618
	28,364	10,919

The operating lease rentals of certain retail shops in Hong Kong are based on the higher of a fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these retail shops could not be accurately determined, the relevant contingent rents have not been included above and only the minimum lease commitments have been included in the above table.

The operating lease rentals of certain retail shops in Taiwan are based solely on the sales of the outlets. In the opinion of the directors of the Group, as the future sales of the retail outlets could not be accurately estimated, the relevant rental commitments have not been included above table.

39. Commitments

In addition to the operating lease commitments detailed in note 38 above, the Group and the Company had the following commitments at the balance sheet date:

(a) Commitments under license agreements in respect of several brand name products:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Minimum purchases:		
Within one year	26,451	19,072
In the second to fifth years, inclusive	92,017	86,151
Beyond five years	—	6,649
	118,468	111,872

(b) Capital commitments

	Company	
	2007	**2006**
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of a subsidiary *(note i)*	89,086	—
Legal and professional fee related to the acquisition	981	—
	90,067	—

Note (i): On 8 November 2007, the Company entered into an acquisition agreement in relation to the acquisition of 96.57% of the issued shares in Financière Solola and EUR1,400,000 convertible bonds issued by Financière Solola for an initial consideration of EUR7,717,766 and an Earn Out payment with a maximum amount of EUR2,894,162 which is subject to the audited consolidated EBITDA of the Financière Solola Group for the year ending 31 December 2008 based on the French GAAP. The above amount only represents the initial consideration of EUR7,717,766, which is equivalent to approximately HK$89,086,000.

In addition, the Company agreed that if the acquisition is not completed on or before a final cut-off date which defined in the acquisition agreement, the Company shall pay to the sellers, a break-up fee of EUR1,000,000 on or before 7 May 2008 or, the date falling 5 days after final cut-off date, provided that no such break up fee shall be payable in the event of fraud, negligence or willful default on the part of the sellers or where the sellers fail to comply with any of their material obligations with the acquisition agreement.

The transaction is yet to be approved by the shareholders.

(c) Pursuant to a shareholders agreement dated 21 February 2007 and a supplemental agreement dated 23 February 2007 entered into between Profit First Investments Limited ("Profit First"), a wholly owned subsidiary of the Company, and Zion Worldwide Limited ("Zion Worldwide"), a venturer of jointly controlled entity namely LOC Limited ("LOC"), Profit First has agreed to pay an earn-out payment to Zion Worldwide. The earn-out payment is based on the consolidated and audited net profit of LOC during the period from 1 March 2007 to 31 December 2010 with a minimum payment of HK$3,000,000 but in any event not exceeding HK$7,500,000. At 31 December 2007, the commitment on the earn-out payment is with minimum of HK$2,348,000.

(d) Pursuant to a shareholders agreement dated 15 August 2007 entered into between Better Point Limited ("Better Point"), a wholly owned subsidiary of the Company, and Austen Limited ("Austen"), a venturer of jointly controlled entity namely CR Hong Kong Limited ("CR Hong Kong"), Better Point and Austen have agreed to inject capital by equity and by way of shareholders' loans to CR Hong Kong in equal share in the total sum of HK$12,000,000. The proportion of the equity and shareholders' loans shall be agreed between Better Point and Austen. At 31 December 2007, Better Point has the outstanding commitment of HK$5,532,000 for the capital inject into CR Hong Kong.

40. Post Balance Sheet Events

The following events have occurred subsequent to 31 December 2007:

(a) On 4 February 2008, the Board announced that the Company proposes to raise funds ranging from approximately HK$56.86 million to approximately HK$57.00 million, before expenses, by way of the Rights Issue of not less than 997,601,190 Rights Shares and not more than 999,977,190 Rights Shares at the Subscription Price of HK$0.057 per Rights Share. The basis of the Rights Issue is four Rights Shares for every five existing ordinary shares of the Company held on 12 March 2008. Further details of the transaction are also set out in a prospectus, circular and an announcement of the Company dated 14 March 2008, 25 February 2008 and 4 February 2008, respectively.

(b) On 18 February 2008, Better Point Limited ("Better Point"), a directly wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Austen Limited to purchase its entire interests in CR Hong Kong Limited ("CR Hong Kong") which is a jointly controlled entity of Better Point. Upon the completion of the acquisition, CR Hong Kong becomes an indirectly wholly owned subsidiary of the Company.

(c) On 18 February 2008, the Company entered into a subscription agreement (as amended by a supplemental agreement dated 7 March 2008) with Chung Chiu Limited ("Chung Chiu") whereby Chung Chiu agreed to subscribe for the convertible bonds in the principal amount of HK$40,000,000 to be issued by the Company for a term of 3 years with a coupon rate of 2% per annum. Further details of the transaction are also set out in a circular and an announcement of the Company dated 12 March 2008 and 20 February 2008, respectively.

41. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing bank loans, finance leases, and trade and bill payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables as well as deposits, prepayments and other receivables, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors reviews and agrees policies for managing each of the risks which are summarized below. The Group's accounting policies in relation to derivatives are set out in note 4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax**	**Increase/ (decrease) in equity**
		HK$'000	*HK$'000*
2007			
Hong Kong dollar	50	67	(67)
Hong Kong dollar	(50)	(67)	67
2006			
Hong Kong dollar	50	69	(69)
Hong Kong dollar	(50)	(69)	69

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currency. Approximately 87% (period ended 31 December 2006: 100%) of the Group's purchases are denominated in currencies other than the functional currency of the operating units. The Group manages the foreign exchange exposure arising from its normal course of business activities through forward currency contracts. The management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at the balance sheet date, all balances in foreign currencies other than the functional currency of the operating units have been substantially hedged by foreign exchange forward contracts. Thus, no sensitivity analysis on the foreign currency risk is presented.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and other interest-bearing loans.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2007					
Interest-bearing loans and borrowings	806	9,361	3,396	805	14,368
Trade and bills payables	—	2,593	—	—	2,593
Other payables and accruals	—	15,114	—	—	15,114
	806	27,068	3,396	805	32,075

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2006					
Interest-bearing loans and borrowings	2,471	4,867	5,122	2,785	15,245
Trade and bills payables	—	3,116	—	—	3,116
Other payables and accruals	—	3,212	—	—	3,212
	2,471	11,195	5,122	2,785	21,573

Credit risk

The Group has no significant concentration of credit risk. The Group deals mainly with retail customers who pay with cash and credit cards. The Group's trade receivables mainly represented by receivables from banks in respect of sales settled by customers through credit cards in Hong Kong and shopping malls that collected sales proceeds in Taiwan on behalf of the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

42. Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue net shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the year ended 31 December 2007 and the period from 1 April 2006 to 31 December 2006.

The Group monitors capital using a gearing ratio, which is borrowings divided by the total of borrowings and equity. Borrowings includes interest-bearing borrowings and convertible notes. Equity includes total equity less equity components of convertible notes. The gearing ratios as at the balance sheet dates were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Borrowings:		
Interest-bearing bank and other borrowings	14,368	15,245
Convertible notes — equity and liability components	—	59,504
	14,368	74,749
Equity:		
Total equity	11,753	31,548
Convertible notes — equity components	—	(11,316)
	11,753	20,232
Borrowings and equity	26,121	94,981
Gearing ratio	55%	79%

43. Comparative

The comparative amounts shown for the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and related notes cover the period from 1 April 2006 to 31 December 2006 and therefore may not be comparable with amounts shown for the current year.

Certain comparatives are reclassified during the year to conform current year's presentation.

44. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 20 March 2008.

3. UNAUDITED FINANCIAL STATEMENTS

Set out below are the unaudited financial statements together with the relevant notes thereto as extracted from the third quarterly report of the Company for the nine months ended 30 September 2008.

Condensed Consolidated Income Statement — Unaudited
For the nine months ended 30 September 2008

		For the three months ended 30 September		For the nine months ended 30 September	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER		15,926	17,427	51,177	39,454
Cost of sales		(7,516)	(5,998)	(23,298)	(13,845)
Gross profit		8,410	11,429	27,879	25,609
Other revenues and gains	*4*	276	2,702	5,354	6,071
Selling and distribution costs		(742)	(1,558)	(2,497)	(2,085)
Administrative expenses		(24,713)	(14,032)	(58,386)	(29,353)
Other expenses and losses	*5*	(131)	—	(13,705)	—
Finance costs	*6*	(426)	(346)	(1,097)	(1,254)
Share of loss of jointly controlled entities		—	(180)	—	(233)
PROFIT/(LOSS) BEFORE TAX	*7*	(17,326)	(1,985)	(42,452)	(1,245)
Tax	*8*	—	(213)	(12)	(734)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		(17,326)	(2,198)	(42,464)	(1,979)
DIVIDEND	*9*	—	—	—	—
Earnings/(loss) per share	*10*				
Basic		(6.40) cents	(0.88) cents	(16.53) cents	(0.99) cents
Diluted		N/A	N/A	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

1. General Information

Golife Concepts Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands and Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong respectively.

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

2. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated financial statements (the "Financial Statements") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, including the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants; accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Financial Statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value.

The accounting policies and basis of preparation adopted in the preparation of the Financial Statements are consistent with those adopted in annual financial statements for the year ended 31 December 2007.

All significant transactions and balances within the Group have been eliminated on consolidation.

The Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. Turnover

The Group's principal activity is distribution of high-end apparel and accessories. Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

4. Other Revenues and Gains

	For the three months ended 30 September		**For the nine months ended 30 September**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank interest income	230	13	591	13
Fair value gain on financial assets at fair value through profit or loss	—	—	—	346
Profit on disposal of financial assets at fair value through profit or loss	16	2,180	16	5,040
Profit on disposal of derivative financial instruments	—	—	3,057	—
Profit on disposal of subsidiaries	—	392	—	392
Management services income	30	117	90	280
Waiver of other payable	—	—	1,600	—
	276	2,702	5,354	6,071

5. Other Expenses and Losses

	For the three months ended 30 September		**For the nine months ended 30 September**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value loss on financial assets at fair value through profit or loss	31	—	482	—
Loss on disposal of financial assets at fair value through profit or loss	100	—	140	—
Loss on disposal of derivative financial instruments	—	—	783	—
Break-up fee for a terminated acquisition *(note)*	—	—	12,300	—
	131	—	13,705	—

Note: Upon termination of the agreement to purchase 96.57% of a French company, a break-up fee of EUR 1 million was paid to the counterparties accordingly.

6. Finance Costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest on convertible notes	145	—	161	498
Interest on bank loans and overdrafts wholly repayable within five years	268	346	897	743
Interest on finance leases	13	—	39	13
	426	346	1,097	1,254

7. Profit/(Loss) before Tax

Profit/(loss) before tax is arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost of inventories sold	7,516	5,998	23,298	13,845
Depreciation	1,097	460	3,521	931
Minimum lease payments under operating leases on land and buildings	5,401	3,774	15,344	9,357

8. Tax

	For the three months ended 30 September		For the nine months ended 30 September	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current income tax				
Hong Kong	—	131	—	637
Overseas	—	82	—	97
Under provision for prior years				
Overseas	—	—	12	—
	—	213	12	734

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. In the corresponding period last year, Hong Kong profits tax was provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

9. Dividend

The Board does not recommend the payment of dividend for the nine months ended 30 September 2008 (2007: Nil).

10. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	For the nine months ended 30 September	
	2008	**2007**
	HK$'000	*HK$'000*
Profit/(loss) attributable to shareholders	(42,464)	(1,979)
	Number of shares	
Weighted average number of ordinary shares in issue	256,820,965	199,403,008

Diluted earnings/(loss) per share is not presented as the convertible bonds and share options had antidilutive effects.

The weighted average number of ordinary shares in issue has been adjusted for the effect of share consolidation on 13 August 2008.

11. **Reserves**

	Share premium *HK$'000*	Equity component of convertible notes *HK$'000*	Share-based payments reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2007	55,642	11,316	—	(40,678)	26,280
Conversion of convertible notes	53,300	(11,316)	—	—	41,984
Placing of new shares	23,250	—	—	—	23,250
Cost of placing of new shares	(335)	—	—	—	(335)
Loss for the period	—	—	—	(1,979)	(1,979)
As at 30 September 2007	131,857	—	—	(42,657)	89,200
At 1 January 2008	132,103	—	98	(132,918)	(717)
Issue of convertible bonds	—	5,587	—	—	5,587
Conversion of convertible bonds	1,673	(89)	—	—	1,584
Loss for the period	—	—	—	(42,464)	(42,464)
As at 30 September 2008	133,776	5,498	98	(175,382)	(36,010)

12. **Comparative Figures**

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

4. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 October 2008, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had total outstanding borrowings of approximately HK$77,856,000, comprising (i) interest bearing bank borrowings of HK$31,948,000; (ii) finance lease obligations of HK$708,000; and (iii) the Convertible Bonds of HK$45,200,000 of which HK$3,200,000 bear 2% interest per annum and will be due for repayment by June 2009; HK$7,000,000 bear 2% interest per annum and will be due for repayment by July 2011; and HK$35,000,000 bear no interest and will be due for repayment by August 2011. The bank borrowings are secured by personal guarantees provided by the directors of a subsidiary of the Group and corporate guarantees provided by the Company and the Group's related company.

Commitments

(i) Operating leases commitments

As at 31 October 2008, the Group had operating lease commitments of approximately HK$32,436,000. Certain of the operating leases of shops operated by the Group in Hong Kong and Taiwan charge at the higher of a basic rent, if any, or a turnover rent ranging from 12% to 25% of its turnover. The amount of HK$32,436,000 is calculated based on the basic rent.

(ii) Purchase commitments

As at 31 October 2008, the Group had purchase commitments of approximately HK$120,026,000.

Debt securities

As at the close of business on 31 October 2008, the Group had no debt securities.

Contingent Liabilities

As at the close of business on 31 October 2008, the Group did not have any material contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 October 2008, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

5. WORKING CAPITAL

As at the Latest Practicable Date, after taking into account the estimated net proceeds of the Open Offer, the estimated net proceeds from the convertible bonds (details of which have been announced on 8 December 2008), the available credit facilities and the present internal financial resources of the Group, the Directors are of the opinion that the Group has sufficient working capital for its normal business for the next 12 months from the date of this Prospectus.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007 (being the date to which the latest published audited financial statements of the Company were made up).

BUSINESS OR INTEREST IN COMPANY TO BE ACQUIRED SINCE 31 DECEMBER 2007

On 26 November 2008, the Company and Mega Shell Services Limited ("Mega Shell"), 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. Pursuant to which Mega Shell has conditionally agreed to acquire and Riche has conditionally agreed to sell its entire interests in the issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited and the sale loans at a total consideration of HK$211,466,310 subject to adjustment.

The consideration will be satisfied (i) by issuing of 117,691,940 consideration Shares credited as fully-paid; (ii) by issuing of a convertible bond of HK$100,000,000; (iii) by paying HK$5,581,713 (subject to adjustment) in cash; and (iv) by issuing of a promissory note of HK$100,000,000.

Shinhan-Golden Faith International Development Limited and World East Investments Limited are indirectly holding 100% interest in the property located at Inner Jiannguo Gate of Dongcheng District, Beijing, the PRC (the "Property"). The Property has been transformed into a high-end serviced apartment for rental purpose and presents 208 sophisticated residences 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.

To the best of Directors' knowledge, the will be no varied in the aggregate of the remuneration payable to and benefits in kind receivable by the directors of Shinhan-Golden Faith International Development Limited and World East Investments Limited and resulting from the acquisition.

The following unaudited pro forma financial information prepared in accordance with Paragraph 31 of Chapter 7 of the GEM Listing Rules is for illustrative purposes only, and is set out here to provide Shareholders with further information about how the Open Offer might have affected the net tangible assets of the Group after completion of the Open Offer. Although reasonable care has been exercised in preparing the said information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible liabilities (the "Unaudited Pro Forma Financial Information") of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Open Offer as if it had taken place on 30 June 2008. The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible liabilities of the Group as at 30 June 2008, as extracted from the published unaudited interim report of the Group for the six months ended 30 June 2008 and is adjusted for the effect of the Open Offer.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group following the Open Offer.

Unaudited consolidated net tangible liabilities of the Group as at 30 June 2008	Unaudited consolidated net tangible liabilities of the Group per Share as at 30 June 2008	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group after completion of the Open Offer	Unaudited pro forma adjusted consolidated net tangible liabilities per Share immediately after completion of the Open Offer
(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*
HK$'000	*HK$*	*HK$'000*	*HK$'000*	*HK$*
(12,232)	(0.05)	5,700	(6,532)	(0.02)

Notes:

1. The unaudited consolidated net tangible liabilities of the Group as at 30 June 2008 is extracted from the published unaudited interim report of the Group for the six months ended 30 June 2008, which is based on the unaudited equity attributable to equity holders of the Company as at 30 June 2008 of HK$12,232,000.

2. The calculation of the unaudited consolidated net tangible liabilities of the Group per Share is based on 257,400,297 Shares in issue as at 30 June 2008. The number of Shares in issue had been adjusted due to completion of the share consolidation on 13 August 2008.

3. The estimated net proceeds from the Open Offer of approximately HK$5.7 million are based on 131,570,645 Offer Shares to be issued at a subscription price of HK$0.05 per Offer Share and after deduction of estimated related expenses of approximately HK$0.9 million.

4. The calculation of the unaudited pro forma consolidated net tangible liabilities per Share is based on 388,970,942 shares which comprise 257,400,297 Shares in issue as at 30 June 2008, as adjusted due to completion of the share consolidation on 13 August 2008 and 131,570,645 Offer Shares to be issued.

   The unaudited pro forma consolidated net tangible liabilities is prepared on the assumption that no outstanding Share Options and Convertible Bonds are exercised on or before the Record Date.

(B) REPORT ON UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is the text of a report received from Vision A. S. Limited for the purpose of incorporation in this Prospectus.

Vision A. S. Limited Certified Public Accountants
泓信會計師行有限公司

19 December 2008

The Board of Directors
Golife Concepts Holdings Limited
Suite A, 15th Floor, Wyndham Place
40-44 Wyndham Street,
Central, Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Golife Concepts Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 93 to 94 under the heading of unaudited pro forma financial information of the Group in Appendix II of the Company's prospectus dated 19 December 2008 (the "Prospectus") in connection with the proposed open offer of new shares on the basis of two shares for every five existing shares held (the "Open Offer") of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Unaudited Pro Forma Financial Information relating to the Open Offer has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Open Offer might have affected the net tangible assets of the Group as at 30 June 2008. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 93 to 94 to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by rule 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owned to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2008 or any future date.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Vision A. S. Limited
Certified Public Accountants
Hong Kong

Cheung Man Yau, Timothy
Practising Certificate No.: P01417

1. RESPONSIBILITY STATEMENT

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

(a) the information contained in this Prospectus is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this Prospectus misleading; and

(c) all opinions expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Open Offer (assuming the Open Offer becoming unconditional) are as follows:

Authorised:		*HK$*
2,000,000,000	Shares	100,000,000.00
Issued and fully paid:		
328,926,613	Shares in issue as at the Latest Practicable Date	16,446,330.65
131,570,645	Offer Shares to be issued	6,578,532.25
460,497,258	Share in issue upon completion of the Open Offer	23,024,862.90

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares.

There are no arrangements under which future dividends will be waived or agreed to be waived.

The Shares in issue are listed on GEM. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than GEM and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had 594,000 outstanding Share Options and the outstanding Convertible Bonds of HK$45.20 million which in aggregate entitling holders of the outstanding Share Options and the outstanding Convertible Bonds to subscribe for 370,278,210 Shares. Saved as disclosed above, the Company does not have any other outstanding options, convertible notes or securities in issue which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(a) Long position in Share Options

Name of Directors	Date of grant	Adjusted exercise price per Share *(Note)* *(HK$)*	Number of Share Options prior to share consolidation	Adjustment for share consolidation *(Note)*	Number of Share Options as at the Latest Practicable Date	Approximate percentage of the Company's issued share capital *(%)*
Richard Yen	3 July 2007	1.095	990,000	792,000	198,000	0.06
Duncan Chiu	3 July 2007	1.095	990,000	792,000	198,000	0.06
Gouw Hiap Kian	3 July 2007	1.095	990,000	792,000	198,000	0.06

Note: The exercise prices and numbers of Share Options have been adjusted due to the completion of the share consolidation on 13 August 2008.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons or corporations (not being Directors or chief executive of the Company), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital, were as follows:

(a) Long position in Shares and underlying Shares

Name of Shareholder	Number of Shares/ underlying Shares interested or deemed to be interested	Approximate percentage of the Company's issued share capital *(%)*
Gouw Hiap Kian *(Note 1)*	138,430,000	42.09
Ng Choy Yue Mary *(Note 1)*	138,430,000	42.09
Chung Chiu (PTC) Limited *(Note 2)*	69,500,000	21.13
HSBC International Trustee Limited *(Note 2)*	69,500,000	21.13
Goldig Investment Group Limited *(Notes 2 and 3)*	69,500,000	21.13
Chan Mei Sau, Teresina *(Note 3)*	313,684,210	95.37
Ho Pui Sau	17,640,000	5.36

Name of Shareholder	Number of Shares/ underlying Shares interested or deemed to be interested	Approximate percentage of the Company's issued share capital *(%)*
China Star Investment Holdings Limited *(Note 4)*	9,611,248,180	2,922.00
Riche (BVI) Limited *(Note 4)*	9,611,248,180	2,922.00
Brilliant Arts Multi-Media Holding Limited *(Note 5)*	2,000,000,000	608.04
China Star Entertainment Limited *(Note 6)*	1,200,000,000	364.82
Chu Yuet Wah *(Notes 7 & 8)*	289,206,648	87.92
Kingston Securities *(Note 8)*	279,681,928	85.03
Ma Siu Fong *(Note 8)*	279,681,928	85.03

Notes:

1. Mr. Gouw Hiap Kian is the beneficial owner of 68,732,000 Shares. Adding the 198,000 Shares under the Share Options in which he is interested and the 69,500,000 Shares that he is deemed to be interested through Goldig Investment Group Limited, he is interested in a total of 138,430,000 Shares. Being the spouse of Mr. Gouw Hiap Kian, Ms. Ng Choy Yue, Mary is deemed to be interested in the same 138,430,000 Shares pursuant to the SFO.

2. Goldig Investment Group Limited is a wholly-owned subsidiary of Chung Chiu (PTC) Limited, which in turn is wholly owned by a discretionary trust. The founder of the discretionary trust is Mr. Gouw Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the SFO, Mr. Guow Hiap Kian, Chung Chiu (PTC) Limited and HSBC International Trustee Limited are deemed to be interested in 69,500,000 Shares of which 13,500,000 Shares are interested in Goldig Investment Group Limited's own capacity and 56,000,000 Shares are interested through Goldig Investment Group Limited's interest in the convertible bonds of the Company.

3. Ms. Chan Mei Sau, Teresina is the holder of the convertible bonds with aggregate principal of HK$38,200,000 which can be converted into 313,684,210 Shares. Ms. Chan Mei Sau, Teresina is deemed to be interested in 313,684,210 Shares through her interest in the convertible bonds.

4. Riche is deemed to be interested in 9,611,248,180 Shares pursuant to the conditional sale and purchase agreement dated 26 November 2008 entered into between Riche and the Group, details of which was announced by the Company on 8 December 2008 and which is yet to be completed as at the Latest Practicable Date. As Riche is wholly-owned by China Star Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange, China Star Investment Holdings Limited is deemed to be interested in such 9,611,248,180 Shares.

5. Brilliant Arts Multi-Media Holding Limited is a company listed on GEM and is deemed to be interested in 2,000,000,000 Shares pursuant to the conditional subscription agreement dated 26 November 2008 entered into between Brilliant Arts Multi-Media Holding Limited and the Company, details of which was announced by the Company on 8 December 2008 and which is yet to be completed.

6. China Star Entertainment Limited is a company listed on the Main Board of the Stock Exchange and is deemed to be interested in 1,200,000,000 Shares pursuant to the conditional subscription agreement dated 26 November 2008 entered into between China Star Entertainment Limited and the Company, details of which was announced by the Company on 8 December 2008 and which is yet to be completed.

7. Ms. Chu Yuet Wah is the beneficial owner of 150,000 Shares. 9,374,720 Shares are held by Best China Limited which is wholly and beneficially owned by Ms. Chu Yuet Wah. Adding the 279,681,928 Shares that she is deemed to be interested through Kingston Securities as stated at note 8 below. Ms. Chu Yuet Wah is deemed to be interested in 289,206,648 Shares.

8. Kingston Securities is deemed to be interested in 279,681,928 Shares pursuant to the Underwriting Agreement. Ms. Chu Yuet Wah and Ms. Ma Siu Fong owns 51% and 49% interest in Kingston Securities respectively.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company or under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors has entered into any existing or proposed service contracts with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of any compensation other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates have any interests in any business which may compete with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which the Company or any of its subsidiaries was, or might become, a party.

8. MATERIAL CONTRACTS

The following contracts were entered into by the Group (not being contracts entered into in the ordinary course of business) during the period of two years immediately preceding the date of this Prospectus and are or may be material:

(a) the shareholding agreement dated 21 February 2007 entered into between Profit First Investments Limited, (a wholly-owned subsidiary of the Company) Zion Worldwide Limited, and LOC Limited in relation to the establishment of LOC Limited and the operation of the wholesale, design, sourcing, merchandise planning and marketing of lifestyle consumer products including but not limited to jewellery and accessories under the trademarks;

(b) the placing agreement and the subscription agreement dated 5 June 2007 entered into between the Company, the placing agent and First Vantage Limited, a substantial Shareholder, for placing of and subscription for 150,000,000 shares of HK$0.01 each at the placing price of HK$0.165 per share;

(c) the distribution agreement and the supplemental agreement dated 15 August 2007 and 24 August 2007 respectively entered into between the Company and CR Hong Kong Limited for granting of the exclusive rights to HK (Trading) to sell and market and distribute product, namely Cynthia Rowley, in Hong Kong in the amount of HK$450,000, HK$2,100,000 and HK$3,900,000 for three years;

(d) the acquisition agreement dated 8 November 2007 entered into between the Company, Mr. Claude Lalanne Costa and Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France to acquire 96.57% of the issue share capital of Financière Solola and its subsidiaries for an initial consideration of approximately HK$92,381,659;

(e) the underwriting agreement dated 4 February 2008 entered into between the Company, Chung Chiu Limited, Grand Ming Securities Limited and CIMB-GK Securities (HK) Limited in relation to the proposed issue of rights shares by the Company on the basis of four rights shares for every five existing shares of HK$0.01 each held on 12 March 2008. Such agreement was terminated in accordance with its terms on 27 March 2008;

(f) the subscription agreement dated 18 February 2008 entered into between the Company and Chung Chiu Limited for the subscription of the convertible bonds in the principal amount of HK$40,000,000 to be issued by the Company for a term of three years with a coupon rate of 2% per annum;

(g) the subscription agreement dated 30 May 2008 entered into between the Company and Far East Holdings International Limited for the subscription of the convertible bonds in the principal amount of HK$7,000,000 to be issued by the Company for a term of three years with a coupon rate of 2% per annum;

(h) the placing agreement dated 19 November 2008 entered into between the Company and the Kingston Securities for the placing of 53,000,000 new Shares, on fully underwritten basis, at an issue price of HK$0.075 per new Share;

(i) the sale and purchase agreement dated 26 November 2008 entered into between the Company, Mega Shell and Riche in relation to the acquisition of the entire issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited and the sale loans at a total consideration of HK$211,466,310;

(j) the subscription agreement dated 26 November 2008 entered into between the Company and China Star Entertainment Limited in relation to the issue of the zero coupon convertible bonds of the Company in an aggregate principal amount of HK$60 million due on the date falling on the tenth anniversary of the date of the issue;

(k) the subscription agreement dated 26 November 2008 entered into between the Company and Brilliant Arts Multi-Media Holding Limited relation to the issue of the zero coupon convertible bonds of the Company in an aggregate principal amount of HK$100 million due on the date falling on the tenth anniversary of the date of issue; and

(l) the Underwriting Agreement and the Supplemental Agreement.

9. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the businesses of the Group.

None of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited consolidated accounts of the Group were made up.

10. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinions and advice which are included in this Prospectus:

Name	Qualifications
Vision A.S. Limited	Certified Public Accountants (Practising)

1. As at the Latest Practicable Date, Vision A.S. Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

2. As at the Latest Practicable Date, Vision A.S. Limited has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

3. As at the Latest Practicable Date, Vision A.S. Limited did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

11. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Head office and principal place of business	Suite A, 15/F Wyndham Place 40-44 Wyndham Street Central Hong Kong
Authorised representatives	Lee Chan Wah Suite A, 15/F Wyndham Place 40-44 Wyndham Street Central Hong Kong
Compliance officer	Gouw San Bo, Elizabeth Suite A, 15/F Wyndham Place 40-44 Wyndham Street Central Hong Kong
Qualified accountant	Tsang Yin Chiu, Stanley Suite A, 15/F Wyndham Place 40-44 Wyndham Street Central Hong Kong
Company secretary	Lee Chan Wah Suite A, 15/F Wyndham Place 40-44 Wyndham Street Central Hong Kong
Auditors	Cheung & Siu has resigned as the auditors of the Company on 4 December 2008 due to the restructuring of Cheung & Siu and its merger with Vision A. S. Limited. An extraordinary general meeting of the Company will be held to approve the appointment of Vision A. S. Limited as the auditors of the Company to fill the casual vacancy following the resignation of Cheung & Siu and to hold office until the conclusion of the next annual general meeting of the Company.

Underwriter	Kingston Securities Limited 2801, 28th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal adviser to the Company	*As to Hong Kong Law:* Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank Of China (Asia) Limited Dah Sing Bank Limited Shanghai Commercial Bank Limited
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 46th Floor Hopewell Centre 183 Queen's Road East Hong Kong

12. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Gouw San Bo, Elizabeth

Ms. Gouw, aged 36, was appointed as an executive Director in 2007 and has been chief executive officer of the Group since 2006. She is currently responsible for the overall strategy and business development of the Group. Ms. Gouw is the founder of Golife (Hong Kong) Limited and has been serving as managing director since 2001. She is a Chartered Financial Analyst and previously held the position of fund manager for an asset management company based in the United Kingdom. She also served as a research analyst for a major European securities firm. Ms. Gouw holds a master's degree in accounting and finance from the London School of Economics and Political Science.

Lai Hok Lim

Mr. Lai, aged 49, is a practicing solicitor in Hong Kong since 1989. He graduated from the University of Hong Kong with a bachelor of arts degree and holds a bachelor of arts (law) degree from the University of Sussex in the United Kingdom and a bachelor of law degree from Beijing University in the PRC. Mr. Lai was an independent non-executive director of Brilliant Arts Multi-Media Holding Limited, a company listed on GEM, from July 2007 to November 2008.

Lee Chan Wah

Mr. Lee, aged 40, has over 16 years experience in auditing and accounting areas. He is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Lee was an executive director of Global Solution Engineering Limited, a company listed on GEM, from December 2005 to September 2007.

Non-executive Director

Chiu Duncan

Mr. Chiu, aged 33, has been a non-executive Director since 2006. Mr. Chiu currently serves as vice chairman and treasurer of The Chamber of Hong Kong Listed Companies, vice president of Innovation & Technology Association and is a committee member of the All-China Youth Federation. Mr. Chiu also serves as the managing director and chief executive officer of Far East Holdings Limited, and as a non-executive director of both Far East Hotels & Entertainment Limited and Chinasoft International Limited, all listed on the Stock Exchange. Mr. Chiu graduated with a bachelor's degree in business administration from Pepperdine University of California in 1996.

Independent non-executive Directors

Lum Pak Sum

Mr. Lum, aged 46, has been an independent non-executive Director since 2005 and has been the chairman of the audit committee of the Group since 2006. Mr. Lum is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 19 years of experience in corporate finance. Mr. Lum holds a master's degree in business administration from the University of Warwick and a bachelor of laws degree (honors) from the University of Wolverhampton.

Yip Tai Him

Mr. Yip, aged 38, has over 16 years experience in auditing, accounting and corporate finance areas. He is the members of the Institute of Chartered Accountants in England and Wales, Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

Law Yiu Sang, Jacky

Mr. Law, aged 44, holds a bachelor of laws degree from Manchester Metropolitan University. He is a member of the Hong Kong Institute of Arbitrators. From 2006 to 2007, Mr. Law was a member of The Chartered Institute of Arbitrator. Mr. Law has previously worked in a number of different law firms and has over 18 years experience in assisting in management and legal documentation.

Senior management

Head — corporate planning and administration

Gouw Kar Yiu, Carl

Mr. Gouw, aged 30, has been the Group's Head of Corporate Planning & Administration since 2007 and has been a director of Golife (Hong Kong) Limited, a wholly-owned subsidiary of the Group, since 2002. Mr Gouw is responsible for the overall strategic planning of the Group, including finance, corporate finance as well as corporate communications. Previously, Mr Gouw served as chairman and chief executive officer of an investment corporation listed on the Main Board of the Stock Exchange. He holds a bachelor of science degree in management sciences from the London School of Economics and Political Science. He is also a director of the Young Entrepreneurs' Organization — Hong Kong Chapter Limited and a director of Hong Kong Ambassadors of Design Limited.

Financial controller

Tsang Yin Chiu, Stanley

Mr. Tsang, aged 33, is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Chartered Financial Analyst. Mr. Tsang holds a bachelor's degree in business administration and has over 11 years of experience in accounting, financial management and auditing. Prior to joining the Company, Mr. Tsang was a manager of a company listed on the Main Board of the Stock Exchange.

General manager — distribution

Siu Sau Lan, Beling

Ms. Siu, aged 42, has been the general manager of the Group's distribution department since 2007. She is responsible for the overall operations of the Group's retail network. Ms. Siu previously held senior managerial positions in a major retail group in Hong Kong, responsible for the development of various international fashion brands.

Head of marketing

Woo Gouw Soan Bo, Esther

Mrs. Woo Gouw, aged 33, has been the head of marketing of the Group since 2006 and is responsible for overall marketing functions. Mrs. Woo Gouw has been the marketing manager of Golife (Hong Kong) Limited since 2004. Previously, she was the marketing manager of a major property investment company listed on the Main Board of the Stock Exchange. Mrs. Woo Gouw holds a bachelor's degree in economics from the University College London.

13. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 of the GEM Listing Rules requires that the audit committee must comprise a minimum of three members with a majority of independent non-executive Directors and at least one member must have appropriate professional qualifications or accounting or related financial management expertise. The main duties of the audit committee include the followings:

(a) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board;

(b) to review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and

(c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee held four meetings during the year ended 31 December 2007, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2007, has been reviewed by the audit committee.

14. EXPENSES

The expenses in connected with the Open Offer, including the financial advisory fee, underwriting commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK$0.87 million and will be payable by the Company.

15. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

16. GENERAL

The English text of this Prospectus shall prevail over the Chinese text in the case of inconsistency.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong during normal business hours from the date of this Prospectus up to and including Monday, 5 January 2009.

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the nine months ended 31 December 2006 and the year ended 31 December 2007;

(c) the unaudited third quarterly report 2008 of the Company for the nine months ended 30 September 2008;

(d) the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group, the text of which is set out in appendix II to this Prospectus;

(e) the letter from Vision A. S. Limited on the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group, the text of which is set out in appendix II to this Prospectus;

(f) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(g) the written consent referred to in the paragraph headed "Expert and consent" in this appendix;

(h) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2007, the date of the latest published audited consolidated financial statements of the Group were made up; and

(i) this Prospectus.