THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred any of your shares in the Golife Concepts Holdings Limited, you should at once hand this circular, together with the enclosed proxy form, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

GoLife

Golife Concepts Holdings Limited

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

(Stock Code: 8172)

(1) VERY SUBSTANTIAL DISPOSAL;
(2) CONNECTED TRANSACTION;
(3) REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser

大華證券(香港)有限公司
GRAND CATHAY SECURITIES (HONG KONG) LIMITED

A letter from the Board (as defined herein) is set out on pages 5 to 17 of this circular. A letter from Independent Financial Adviser (as defined herein) is set out on pages 19 to 27 of this circular.

A notice convening the SGM (as defined herein) to be held at the conference room located at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Monday, 6 July 2009 at 4:30 p.m. is set out on pages 161 to 163 of this circular. Whether or not you are able to attend and/or vote at the SGM (as defined herein) in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (as defined herein) or any adjournment thereof (as the case may be). The completion and delivery of proxy will not preclude you from subsequently attending and voting in person at the SGM (as defined herein) or any adjournment thereof (as the case may be) should you so wish. This circular will remain on the GEM (as defined herein) website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

26 May 2009

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

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Acquisition"	the acquisition of the Shinhan-Golden Faith International Development Limited, World East Investments Limited and their respective subsidiaries duly approved by the Shareholders at the extraordinary general meeting of the Company dated 16 February 2009. Details of which has been set out in the Company's announcement dated 8 December 2008 and the Company's circular dated 23 January 2009
"AG Shares"	shares of US$1.00 each in the capital of Amazing Goal
"Amazing Goal"	Amazing Goal International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Amazing Goal Group"	Amazing Goal and its subsidiaries or where the context so requires, in respect of the period before Amazing Goal became the holding company of its present subsidiaries, the companies that are the present subsidiaries of Amazing Goal
"Announcement"	the announcement dated 29 January 2009 in respect of, among others, the Subscription
"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Board"	the board of Directors
"Business Days"	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
"Capitalisation Issue"	the capitalisation of the advances to be made by Chung Chiu and issue of AG Shares to Chung Chiu pursuant to the Shareholders' Agreement
"Chung Chiu"	Chung Chiu (PTC) Ltd., a company incorporated in the British Virgin Islands and the subscriber of the Subscription Shares
"Chung Chiu Call Option"	the option granted by the Company to Chung Chiu including the exercise thereof pursuant to the Shareholders' Agreement to acquire up to 100% of the Company's equity interests in Amazing Goal

"Code"	The Hong Kong Codes on Takeovers and Mergers
"Company"	Golife Concepts Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM
"Completion"	completion of the Subscription in accordance with the Subscription Agreement
"connected person"	has the meaning ascribed to this term under the GEM Listing Rules
"Directors"	the directors of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Golife Call Option"	the option granted by Chung Chiu to the Company pursuant to the Shareholders' Agreement to acquire equity interests of Amazing Goal, provided that Chung Chiu shall not hold less than 50% of the issued share capital of Amazing Goal immediately after such acquisition
"Group"	the Company and its subsidiaries, including the Shinhan-Golden Faith International Development Limited and World East Investments Limited and their respective subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board, comprising the independent non-executive Directors, formed for the purpose of advising Independent Shareholders in relation to the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option
"Independent Financial Adviser" or "Grand Cathay"	Grand Cathay Securities (Hong Kong) Limited, a licensed corporation permitted to engage in type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

"Independent Shareholders"	Shareholders which are not required to abstain from voting at the SGM to approve the Subscription Agreement and the transactions contemplated there under
"Latest Practicable Date"	22 May 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Old Share(s)"	the ordinary share(s) of the Company of HK$0.05 each prior to the capital reorganisation of the Company which became effective on 6 April 2009. Details of which was set out in the circular of the Company dated 8 January 2009
"Profit Making Year"	profit making financial year of Amazing Goal
"Property"	the property, excluding 17 apartment units and 13 carparking spaces located at Inner Jiangguo Gate of Dongcheng District, Beijing, the PRC (currently known as No. 9 Gongyaun Xijie, Dongcheng District, Beijing, the PRC)
"Refreshment of Scheme Mandate Limit"	the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme
"Remaining Group"	the Group (excluding the Shinhan-Golden Faith International Development Limited and World East Investments Limited and their respective subsidiaries) immediately upon Completion
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held to consider and, if thought fit, approve the Subscription Agreement and the Shareholders' Agreement, the grant of the Golife Call Option and the grant and exercise of Chung Chiu Call Option and the transactions contemplated thereunder
"Scheme Mandate Limit"	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option(s)"	options grants under the Share Option Scheme
"Share Option Scheme"	the share option scheme of the Company adopted on 6 March 2002
"Shareholders"	the holder(s) of the Share(s)
"Shareholders' Agreement"	shareholders' agreement in relation to the rights and obligations of shareholders of Amazing Goal to be entered into between Chung Chiu and the Company on Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the proposed subscription by Chung Chiu of the Subscription Shares subject to and upon the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 19 January 2009 and entered into between Amazing Goal and Chung Chiu in relation to the subscription of the Subscription Shares
"Subscription Price"	subscription price of US$1.00 per Subscription Share
"Subscription Shares"	50 new AG Shares, representing 100% of the issued share capital of Amazing Goal as at the Latest Practicable Date and 50% of the issued share capital of Amazing Goal as enlarged by the allotment and issue of the 50 new AG Shares
"HK$"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"US$"	United States dollars, the lawful currency for the time being of the United States of America
"%"	per cent.

Golife Concepts Holdings Limited

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

(Stock Code: 8172)

Executive Directors:
Mr. Lai Hok Lim
Mr. Lee Chan Wah

Independent non-executive Directors:
Mr. Yip Tai Him
Mr. Law Yiu Sang, Jacky
Ms. Chio Chong Meng

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1611, 16/F.
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

26 May 2009

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL; (2) CONNECTED TRANSACTION; (3) REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT; AND (4) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Board announces that on 19 January 2009, Amazing Goal and Chung Chiu entered into the Subscription Agreement pursuant to which Chung Chiu has conditionally agreed to subscribe for and Amazing Goal has conditionally agreed to allot and issue the Subscription Shares in cash at the Subscription Price of US$1.00 per Subscription Share.

On Completion, the Company and Chung Chiu will enter into the Shareholders' Agreement which sets out the operation and management of the Amazing Goal Group and the rights and obligations of the Company and Chung Chiu, including, among other matters, the Golife Call Option and the Chung Chiu Call Option.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with further information regarding, among other things, (i) the Subscription Agreement, the Shareholders' Agreement, the Golife Call Option, the Chung Chiu Call Option; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders on the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option; (iv) Refreshment of Scheme Mandate Limit; (v) information regarding the Group; and (vi) a notice of SGM.

SUBSCRIPTION AGREEMENT

Date : 19 January 2009

Parties

Issuer : Amazing Goal

Subscriber : Chung Chiu

Consideration : US$50.00 in cash, represents 50 new AG Shares

Chung Chiu is wholly owned by a discretionary trust. The founder of such trust is Gouw Hiap Kian, a director of a subsidiary of the Company. The beneficiaries of such trust include Gouw San Bo, Elizabeth and Gouw Carl Kar Yiu, each of them being former directors of the Company or its subsidiaries within the preceding twelve months prior to the Latest Practicable Date. As such, Chung Chiu is an associate of a connected person of the Company.

Prior to Completion, Amazing Goal is a direct wholly owned subsidiary of the Company. Amazing Goal is principally engaged in investment holding and its subsidiaries are principally engaged in distribution of high-end apparel and accessories and property investment.

Subscription Shares

The 50 Subscription Shares represent 100% of the issued share capital of Amazing Goal as at the Latest Practicable Date and 50% of the entire share capital of Amazing Goal as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of US$1.00 per Subscription Share represents the par value of the AG Shares.

The Subscription Price was arrived at after arm's length negotiations between Amazing Goal and Chung Chiu by taking into account, among other matters, the net liabilities position of Amazing Goal Group as at 30 November 2008 and the par value of the AG Share. The Directors consider the payment terms and other terms and conditions of the Subscription to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

Completion is conditional upon and subject to:

(a) if necessary, all necessary consents and approvals required to be obtained on the part of Amazing Goal in respect of the Subscription Agreement, the Shareholders' Agreement and the transactions contemplated thereunder having been obtained; and

(b) the passing by the Independent Shareholders at the SGM to approve the Subscription Agreement, the Shareholders' Agreement and the Golife Call Option, the Chung Chiu Call Option and the transactions contemplated thereunder.

The conditions are not waivable. If the conditions are not fulfilled on or before 5:00 p.m. on 31 March 2009 or such later date as may be agreed between the parties, the Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches. Accordingly, as agreed between Chung Chiu and the Company, the date for the fulfillment of the conditions under the Subscription Agreement has been extended to 31 August 2009.

Completion

Completion shall take place on the third Business Days after the fulfillment of all the conditions or such later date as the parties may agree.

Upon Completion, Amazing Goal will cease to be a subsidiary of the Company and will become a jointly controlled entity of the Company. The Company's interests in Amazing Goal will be accounted for by proportionate consolidation under HKAS 31 "Interests in Joint Ventures" commencing from 1 January 2009.

SHAREHOLDERS' AGREEMENT

On Completion, the Company and Chung Chiu will enter into the Shareholders' Agreement which sets out the operation and management of the Amazing Goal Group and the rights and obligations of the Company and Chung Chiu, including, among other matters, the Golife Call Option and the Chung Chiu Call Option.

The Company and Chung Chiu will jointly give directions with respect to the operating and financial policies of Amazing Goal after Completion.

As (i) the terms of the Shareholders Agreement was arrived at after arm's length negotiations between the Company and Chung Chiu; (ii) save as to the Capitalisation Issue, the Golife Call Option and the Chung Chiu Call Option, the terms of the Shareholders Agreement are similar for the Company and Chung Chiu; and (iii) the net effect upon the exercising of the Capitalisation Issue, the Golife Call Option and the Chung Chiu Call Option is that Chung Chiu will acquire equity interests of Amazing Goal at a premium over the net liabilities position of Amazing Goal Group, the Board considers the terms of the Shareholders Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Composition of the board of directors of Amazing Goal

Upon Completion, the board of directors of Amazing Goal will comprise four directors and each of the Company and Chung Chiu will have the right to appoint two directors to the board of Amazing Goal. Mr. Lai Hok Lim and Mr. Lee Chan Wah will be appointed as directors of Amazing Goal by the Company.

Finance

All working capital requirement of the Amazing Goal Group shall be met:

i) firstly by way of external financing from financial institutions and other third party sources; and

ii) when such advances and credit are exhausted or unavailable, by shareholders' advances.

The shareholders' advances shall be unsecured and carry no interest.

The Company can elect not to contribute its portion of the shareholder's advances. In such event, Chung Chiu can make such advances payable by the Company to Amazing Goal. Provided that the Company shall not hold less than 19% of the issued share capital of Amazing Goal immediately after such allotment and issue of AG Shares, Chung Chiu shall, at any time, be entitled to require Amazing Goal to capitalise such advances and allot and issue new AG Shares, credited as fully paid, to Chung Chiu. As at the Latest Practicable Date, the Board has no intention to make contribution to Amazing Goal.

Capitalisation Issue

Prior to the exercising of the Golife Call Option by the Company, the issue price of a new AG Shares pursuant to the Capitalisation Issue shall be the lower of: (i) the weighted average of the Subscription Price and the issue price of a new AG Share allotted and issued pursuant to all and previous Capitalisation Issue; and (ii) the issue price per AG Share calculated based on the following valuations of 100% equity interest of Amazing Goal:

Capitalisation period	*Valuation*
From the date of the Shareholders' Agreement to 31 December 2009	HK$5,000,000
From 1 January 2010 to 31 December 2010	HK$10,000,000
From 1 January 2011	HK$15,000,000

For the first Captialisation Issue, the issue price per AG Shares will be US$1.00.

Upon the exercising of the Golife Call Option by the Company, the issue price of a new AG Share pursuant to the Capitalisation Issue shall be the price per AG Share calculated based on the following valuation of 100% equity interest of Amazing Goal:

Capitalisation period	*Valuation*
From the date of the Shareholders' Agreement to 31 December 2009	HK$5,000,000
From 1 January 2010 to 31 December 2010	HK$10,000,000
From 1 January 2011	HK$15,000,000

The above valuations are based on the future prospect of the operations of Amazing Goal. The year by year increases on the valuations are based on the assumption that the global economy will gradually improve following the various fiscal and monetary policies taken by governments around the world to ease the impacts from global financial crisis.

Dividend policy

40% of the net profit after taxation for every Profit Making Year will be distributed by Amazing Goal to its shareholders by way of dividend.

If Chung Chiu exercises its rights to require Amazing Goal to allot and issue new AG Shares to Chung Chiu pursuant to the Capitalisation Issue during a Profit Making Year, Chung Chiu shall transfer to the Company all dividends relating to the new AG Shares allotted and issued pursuant to the Capitalisation Issue during such Profit Making Year.

Golife Call Option

The Company can exercise, at its sole discretion, an option to acquire from Chung Chiu equity interests of Amazing Goal, provided that Chung Chiu shall not hold less than 50% of the issued share capital of Amazing Goal immediately after such acquisition. The Golife Call Option may be exercised once in whole and in part at any time after the Capitalisation Issue up to and including 31 December 2010.

The exercise price per AG Share payable by the Company to Chung Chiu upon the exercising of the Golife Call Option shall be the weighted average of the Subscription Price and the issue price of a new AG Share allotted and issued pursuant to all previous Capitalisation Issue.

The exercise of the Golife Call Option by the Company under the Shareholders' Agreement may constitute notifiable transaction on the part of the Company under the GEM Listing Rules, and therefore, the Company will comply with the requirements under the GEM Listing Rules, including obtaining Shareholders' approval if required, when exercising the Golife Call Option.

Completion of the transfer of AG Shares upon the exercising of the Golife Call Option shall take place within 90 Business Days after the date of the notice to notify Chung Chiu of the exercising of the Golife Call Option.

Chung Chiu Call Option

Chung Chiu can exercise, at its sole discretion, an option to acquire from the Company up to 100% of the Company's equity interests in Amazing Goal. The Chung Chiu Call Option may be exercised once in whole and in part at any time from the date falling on the first anniversary of the date the Company exercised the Golife Call Option up to and including 31 December 2011.

The exercise price per AG Share payable by Chung Chiu to the Company upon the exercising of the Chung Chiu Call Option shall be the price per AG Share calculated based on the following valuations of 100% equity interest of Amazing Goal:

Exercise period	**Valuation**
From the date of the Shareholders' Agreement to 31 December 2009	HK$5,000,000
From 1 January 2010 to 31 December 2010	HK$10,000,000
From 1 January 2011 to 31 December 2011	HK$15,000,000

The exercise of the Chung Chiu Call Option by Chung Chiu under the Shareholders' Agreement constitutes a very substantial disposal and connected transaction on part of the Company under the GEM Listing Rules. The grant and exercise of the Chung Chiu Call Option will be subject to the approval by the Independent Shareholders at the SGM.

The exercise of the Chung Chiu Call Option by Chung Chiu under the Shareholders' Agreement will be subject to the conditions, including the exercise of the Golife Call Option by the Company which may constitute notifiable transaction on the part of the Company under the GEM Listing Rules, and therefore, the Company will comply with the requirements under the GEM Listing Rules, including obtaining Shareholders' approval if required, when exercising the Chung Chiu Call Option.

INFORMATION ON AMAZING GOAL

Amazing Goal was incorporated on 2 January 2009 and is principally engaged in investment holding. Its subsidiaries are principally engaged in distribution of high-end apparel and accessories.

According to the unaudited consolidated management accounts of Amazing Goal Group for the year ended 31 December 2008, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the loss before and after taxation was approximately HK$42.44 million. The net liabilities of Amazing Goal Group was approximately HK$46.87 million as at 31 December 2008.

According to the unaudited consolidated management accounts of Amazing Goal Group for the year ended 31 December 2007, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the loss before and after taxation were both approximately HK$7.1 million. The net liabilities of Amazing Goal Group was approximately HK$4.4 million as at 31 December 2007.

According to the unaudited consolidated management accounts of Amazing Goal Group for the year ended 31 December 2006, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the net profit before and after taxation was approximately HK$2.7 million and HK$2.05 million respectively. The net assets of Amazing Goal Group was approximately HK$2.7 million as at 31 December 2006.

FINANCIAL EFFECT OF THE SUBSCRIPTION AND THE GRANT AND EXERCISE OF THE CHUNG CHIU OPTION

Based on the unaudited pro forma financial information of the Remaining Group, prepared under the equity method accounting as set out in Appendix II in this circular, numbers of scenarios are presumed. According to the Capitalisation periods, the following four scenarios would be occurred: Scenarios (1) the Subscription was completed on 31 December 2008; Scenarios (2) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008; Scenarios (3) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008; and Scenarios (4) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008.

Net assets

The audited consolidated net liabilities of the Group as at 31 December 2008 was HK$42,260,000. Assuming Scenarios (1) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$29,043,000. Assuming Scenarios (2) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$26,543,000. Assuming Scenarios (3) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$24,043,000. Assuming Scenarios (4) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$21,543,000.

Earnings

The audited consolidated loss of the Group for the year ended 31 December 2008 was HK$73,641,000. Assuming Scenarios (1) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$60,414,000. Assuming Scenarios (2) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$57,914,000. Assuming Scenarios (3) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$55,414,000. Assuming Scenarios (4) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$52,914,000.

Gearing ratio

The Group's gearing ratio calculated as a percentage of total liabilities to total assets was approximately 2.61 times. Assuming Scenarios (1) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 4.56 times. Assuming Scenarios (2) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 3.49 times. Assuming Scenarios (3) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 2.83 times. Assuming Scenarios (4) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be decrease to approximately 2.37 times.

Gain on disposal

Assuming the Subscription has been completed and the Chung Chiu Call Option has been granted and exercised as at 31 December 2008, the estimated gain on deemed disposal of the Amazing Goal Group of approximately HK$46,870,000 which represents the net liabilities of the Amazing Goal Group as at 31 December 2008. Assuming the Chung Chiu Call Option were exercised during the year ending on 31 December 2009, 31 December 2010 and 31 December 2011, the estimated gain on deemed disposal of the Amazing Goal Group would increase to not more than approximately HK$54,370,000.

For further details of the financial effect to the Remaining Group after the completion of the Subscription and the grant and exercise of the Chung Chiu Call Option, in particular, four scenarios to be incurred upon the exercise of the Chung Chiu Call Option, please refer to the Appendix II to this circular.

Shareholders should note that the above financial information is based on the assumption that the Subscription and the grant and exercise of the Chung Chiu Call Option is completed on 31 December 2008 and such information is for illustration purpose only. The actual financial results may vary in the event that the Chung Chiu Call Option is exercised.

REASONS FOR THE SUBSCRIPTION, THE GOLIFE CALL OPTION AND THE CHUNG CHIU CALL OPTION

The Directors believe that the Subscription will provide the Group with an opportunity to restructure the loss-making operations of the Group and reallocate the resources of the Group on other business operations of the Group. By exercise the Golife Call Option by the Company, the Group will have an option to acquire up to 50% equity interests in Amazing Goal from Chung Chiu at a cost equally paid by Chung Chiu, which shall be the weighted average of the Subscription Price and the issue price of a new AG Share allotted and issued pursuant to all previous Capitalization Issue, for every new AG Share when the Board considers appropriate. The Board consider that the advantage for the grant of the Chung Chiu Call Option is that the Chung Chiu Call Option, if exercise by Chung Chiu, will provide the Group with an opportunity to realize the AG Shares hold by the Company at a consideration based on the valuations of future prospect of the operations of Amazing Goal that predetermined by the Board.

As such, the Board is of the view that the terms of the Subscription, the grant of the Golife Call Option and the grant of the Chung Chiu Call Option including the exercise thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With an aim to strengthen the capital base of the Company and raise funds for general working capital of the Group, the Company had issued the convertible bonds of the Company and had proposed to raise fund by way of the open offer to the Shareholders during the current year. In addition, the Board has implemented measures to cut down costs as well as to reduced the overall overhead of the Group. The Board believes that it will be in the interests of the Group and the shareholders as well.

Prior to the Completion, the Group is principally engaged in distribution of high-end apparel and accessories and property investment. Upon Completion, the Group is principally engaged in property investment and investment in jointly controlled entity of Amazing Goal Group.

As at the Latest Practicable Date, the Acquisition was completed. Shinhan-Golden Faith International Development Limited, World East Investments Limited and their respective subsidiaries become wholly-owned subsidiaries of the Company. As the Company aims to expand its business into property investment in the PRC, the business of the Group diversify into property investment business in the PRC whilst the Group will invest in distribution of high-end apparel and accessories business through the Amazing Goal Group continuously.

Taking into account the Acquisition was completed as at the Latest Practicable Date and the Group will immediately record the revenue generated from the Property without employing any further resources, the Board is of the view that the Group will be able to comply with the requirements of Rule 17.26 of the GEM Listing Rules to have sufficient level of operations to warrant the continued listing on the Stock Exchange.

GEM LISTING RULES IMPLICATIONS

The Subscription and the grant and exercise of the Chung Chiu Call Option under the Shareholders' Agreement constitute a very substantial disposal on the part of the Company under the GEM Listing Rules. Chung Chiu is wholly owned by a discretionary trust. The founder of such trust is Guow Hiap Kian, a director of a subsidiary of the Company. The beneficiaries of such trust includes Gouw San Bo, Elizabeth and Gouw Carl Kar Yiu, each of them being former directors of the Company or its subsidiaries within the preceding twelve months prior to the Latest Practicable Date. As Chung Chiu is an associate of a connected person of the Company, the Subscription and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the SGM by way of poll. As at the Latest Practicable Date, no Share is held by Chung Chiu and its associates.

The Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option are subject to, among others, the approval by the Independent Shareholders at the SGM to be taken by way of a poll and an announcement will be made after the SGM on the results of the SGM.

The Golife Call Option, if exercise, may constitute notifiable transaction under Chapter 19 of the GEM Listing Rules. The Company will comply with the requirements under the GEM Listing Rules upon the exercising of the Golife Call Option.

REFRESHMENT OF SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company pursuant to the written resolutions of the Company on 6 March 2002. The Scheme Mandate Limit was set at 10% of the Shares in issue as at the date of adoption of the Share Option Scheme in compliance with the GEM Listing Rules. Subject to prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval.

As shown in the following table, the Scheme Mandate Limit was refreshed on 9 May 2007 of a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant Share Options to subscribe for up to a maximum number of 2,022,002 Shares (as adjusted due to the completion of share consolidation taken place on 13 August 2008 and 6 April 2009). The Scheme Mandate Limit was further refreshed on 23 May 2008 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant Share Options to subscribe for up to a maximum number of 2,494,002 Shares (as adjusted due to the completion of share consolidation taken place on 13 August 2008 and 6 April 2009). The Scheme Mandate Limit was then further refreshed on 20 April 2009 for a 10% of the then total issued share capital of the Company, pursuant to which the Company was authorised to grant Share Options to subscribe for up to a maximum number of 5,781,891 Shares (as adjusted due to the completion of share consolidation taken place on 13 August 2008 and 6 April 2009).

Details of refreshment of the Scheme Mandate Limit and movements of Share Options granted under the Share Option Scheme are summarised as follows:

		Details of movements of Options granted							
Date of approval for refreshment	No. of Shares that may be issued upon exercise of all Options to be granted under the Scheme Mandate Limit as at the date of adoption/ refreshment	Date of grant	Exercise period	Exercise price	No. of Options granted	No. of Options exercised	No. of Options cancelled	No. of Options lapsed	Options outstanding as at the Latest Practicable Date
9 May 2007	2,022,002	3 July 2007	3 July 2007 to 5 March 2012	HK$10.95	59,400	–	–	–	59,400
23 May 2008	2,494,002	–	–	–	–	–	–	–	–
20 April 2009	5,781,891	–	–	–	–	–	–	–	–
					59,400	–	–	–	59,400

Note: The exercise price and the number of Share Options have been adjusted due to the completion of the share consolidation on 13 August 2008 and 6 April 2009.

As shown in the above table, the Company has outstanding Share Options of 59,400 which can exercise into 59,400 Shares as at the Latest Practicable Date. The 59,400 Share Options, if exercised, represents approximately 0.09% of the total issued share capital of the Company.

As at the Latest Practicable Date, the Company has issued 69,378,919 Shares. Pursuant to the terms of the Share Option Scheme and in compliance with the GEM Listing Rules, the maximum number of Shares, which may be issued upon the exercise of all the Share Options to be granted under the Share Option Scheme under the Scheme Mandate Limit as refreshed should be 6,937,891 Shares (assuming no further issue of Shares).

It is proposed that subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the Share Options granted under the refreshed Scheme Mandate Limit and the passing of the relevant resolution at the SGM by the Shareholders, the Scheme Mandate Limit be refreshed so that the total number of securities, which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit as refreshed, shall not exceed 10% of the Shares in issue as at the date of approval of the Refreshment of Scheme Mandate Limit by the Shareholders at the SGM. Share Options previously granted under the Share Option Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Based on 69,378,919 Shares in issue as at the Latest Practicable Date and assuming no further issue or repurchase of Shares prior to the SGM, the refreshed Scheme Mandate Limit will be 6,937,891 Shares.

Pursuant to the GEM Listing Rules, the Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme at any time should not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

Conditions of the Refreshment of Scheme Mandate Limit

The refreshment of the Scheme Mandate Limit is conditional upon:

(i) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate Limit at the SGM; and

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the resolution of refreshment of Scheme Mandate Limit at the SGM) which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme and any other share option schemes of the Company.

Application will be made to the Stock Exchange for the listing of, and permission to deal, in the Shares, representing 10% of the Shares in issue at the SGM, which may fall to be issued upon the exercise of the options that may be granted under the refreshed Scheme Mandate Limit.

SGM

Set out pages 161 to 163 of this circular is a notice convening the SGM to be held at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Monday, 6 July 2009 at 4:30 p.m. at which the resolutions will be proposed to the Shareholders or Independent Shareholders to consider and, if thought fit, to approve (i) the Subscription Agreement, the Shareholders' Agreement, the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option; and (ii) the Refreshment of Scheme Mandate Limit. A form of proxy for use at the SGM is enclosed with this circular, whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the SGM or any adjourned meeting thereof if you so wish.

The resolutions proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

GENERAL

No Shareholder has material interest in the Subscription Agreement as at the Latest Practicable Date. Therefore, no Shareholder is required to abstain from voting for the resolutions to approve the Subscription Agreement, the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option and the transactions contemplated thereunder due to their interests in the Subscription at the SGM.

The Director (including the independent non-executive Directors) considers that (i) the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option; and (ii) the Refreshment of Scheme Mandate Limit are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Director (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
Golife Concepts Holdings Limited
Lee Chan Wah
Executive Director

Golife Concepts Holdings Limited

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

(Stock Code: 8172)

26 May 2009

To the Independent Shareholders,

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the letter from the Board set out in the circular dated 26 May 2009 (the "Circular") of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option and the grant and exercise of the Chung Chiu Call Option (the "Transactions") and to advise the Independent Shareholders as to whether the Transactions are fair and reasonable and whether the Transactions are in the interests of the Company and the Shareholders as a whole and to recommend whether the Independent Shareholders should vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Transactions and the transactions contemplated thereunder. Grand Cathay has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board and the letter from Grand Cathay to the Independent Board Committee and the Independent Shareholders which contains its advice to us and you in relation to the Transactions as set out in the Circular.

Having taken into account the principal factors and reasons considered by, and the opinion of, Grand Cathay as stated in their letter of advice as set out on pages 19 to 27 of the circular, we consider the terms of the Transactions on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholder to vote in favour of the ordinary resolutions to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Yip Tai Him	**Mr. Law Yiu Sang, Jacky**	**Ms. Chio Chong Meng**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

大華證券(香港)

GRAND CATHAY SECURITIES (HONG KONG) LIMITED
香港中環花園道3號中國工商銀行大廈7樓705至706室
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Tel: 852-2521-2982 Fax: 852-2521-0085 www.gcsc.com.tw

26 May 2009

To the Independent Board Committee
and the Independent Shareholders of
Golife Concepts Holdings Limited

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders with regard to the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option, details of which are set out in the section headed "Letter from the Board" (the "Letter") in the Company's circular dated 26 May 2009 (the "Circular") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 29 January 2009, Amazing Goal and Chung Chiu entered into the Subscription Agreement pursuant to which Chung Chiu has conditionally agreed to subscribe for and Amazing Goal has conditionally agreed to allot and issue the Subscription Shares in cash at the Subscription Price of US$1.00 per AG Share, being the par value of the AG Shares. The Subscription Shares represent 100% of the issued share capital of Amazing Goal as at the Latest Practicable Date and 50% of the entire share capital of Amazing Goal as enlarged by the allotment and issue of the 50 Subscription Shares. Upon Completion, Amazing Goal will cease to be a subsidiary of the Company and will become a jointly controlled entity of the Company.

On Completion, the Company and Chung Chiu will enter into the Shareholders' Agreement which sets out the operation and management of Amazing Goal Group and the rights and obligations of the Company and Chung Chiu, including, among other matters, the Golife Call Option and Chung Chiu Call Option.

The Subscription and the grant and exercise of the Chung Chiu Call Option under the Shareholders' Agreement constitute a very substantial disposal on part of the Company under the GEM Listing Rules. Chung Chiu is wholly owned by a discretionary trust. The founder of such trust is Gouw Hiap Kian, a director of a subsidiary of the Company. The beneficiaries of such trust include Gouw San Bo, Elizabeth and Gouw Carl Kar Yiu, each of them being former directors of the Company or its subsidiaries within the preceding twelve months prior to the Latest Practicable Date. As Chung Chiu is an associate of a connected person of the Company, the Subscription and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option constitute a connected transaction on the part of the Company and therefore, will be subject to the Independent Shareholders' approval at the SGM by way of Poll.

Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng, being all the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the ordinary resolutions to be proposed regarding the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option. Our role as the Independent Financial Adviser is to give our independent opinion to the Independent Board Committee and Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinion and representations contained or referred to in the Circular and all information, opinion and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinion and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have performed all applicable steps as required under Rule 17.92 of the GEM Listing Rules including the notes thereto. We have relied on such information, opinions and representations but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group and Amazing Goal Group or the market in which they operate.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option, we have considered the following principal factors and reasons:

(1) Reasons for the Subscription and the financial performance of Amazing Goal Group

As at the Latest Practicable Date, the Group is principally engaged in (i) property investment; and (ii) distribution of high-end apparel and accessories. Amazing Goal Group is the Company's principal subsidiaries to carry on such business functions.

On 29 January 2009, Amazing Goal and Chung Chiu entered into the Subscription Agreement pursuant to which Chung Chiu has conditionally agreed to subscribe for and Amazing Goal has conditionally agreed to allot and issue the Subscription Shares in cash at the Subscription Price of US$1.00 per AG Share, being the par value of the AG Shares. The Subscription Shares represent 100% of the issued share capital of Amazing Goal as at the Latest Practicable Date and 50% of the entire share capital of Amazing Goal as enlarged by the allotment and issue of the 50 Subscription Shares.

As at the Latest Practicable Date and prior to Completion, Amazing Goal is a direct wholly-owned subsidiary of the Company. Upon Completion, Amazing Goal will cease to be a subsidiary of the Company and will become a jointly controlled entity of the Company.

The following table illustrates the summary of financial results of Amazing Goal Group which is extracted from the accountants' report on the Group in the appendix I to the Circular.

	For year ended 31 December 2008	**For year ended 31 December 2007**	**For period from 1 April 2006 to 31 December 2006**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	71,599	60,536	18,342
Gross profit	37,356	37,707	11,018
(Gross profit margin)	(52.2%)	(63.3%)	(60.0%)
Profit/(Loss) attributable to equity holders of Amazing Goal Group	(42,442)	(7,121)	2,054

	As at 31 December 2008 *HK$'000*	As at 31 December 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Net current assets/(liabilities)	(47,802)	(10,345)	2,512
Net assets/(liabilities)	(46,870)	(4,438)	2,682

As noted from the above table, the financial performance of Amazing Goal Group was unsatisfactory in the preceding two years. Despite the turnover of Amazing Goal Group increased approximately 18.3% in 2008 as compared to 2007, Amazing Goal Group recorded a substantial loss of approximately HK$42.4 million in 2008 (2007: loss of approximately HK$7.1 million). In 2008, the gross profit margin of Amazing Goal Group also dropped to 52.2% as compared to 62.3% in 2007.

We discussed with the management of the Company regarding the weak financial performance of Amazing Goal Group and noted that the significant loss in 2008 was due to, among others, (i) the rise in rental and staff costs after the opening of two new retails shops for the two new brand, Life of Circle and Cynthia Rowley, in the first half of 2008; (ii) the provision for loss on early termination of shop tenancies and impairment of property, plant and equipment after the Company implemented the measures to cut down costs as well as scale-down its retail operations since the mid of 2008 due to global financial turmoil.

As a result of the unsatisfactory financial results of Amazing Goal Group in the preceding two years, Amazing Goal Group recorded net liabilities of approximately HK$46.9 million as at 31 December 2008 (2007: net liabilities of approximately HK$4.4 million).

As Amazing goal Group was loss-making and recorded net liabilities as at 31 December 2008, we are unable to compare the Subscription with other market transactions. However, we obtained market data from Hong Kong Trade Development Council ("HKTDC") regarding the retail sales of the wearing apparel in Hong Kong and noted that both the value and volume of apparel retail sales in Hong Kong increased in 2008 as compared to that of 2007. According to the information from HKTDC, the year to year value of retail sales for the wearing apparel increased by 8.2% in 2008. Regarding the volume of retail sales for the wearing apparel, the sector recorded a year to year increase of 8.2% in 2008 also. Despite the general increase in retail sales of Hong Kong apparel industry, the Group, however, had still suffered a significant loss of HK$42.4 million. In view of the above, we consider the Subscription is fair and reasonable.

The Directors believe that the Subscription will provide the Group with an opportunity to restructure its loss-making operations and reallocate the resources of the Group on other business operations of the Group.

In view of the sustained loss of Amazing Goal Group in the preceding two years, we concur with the Directors' view and consider that the Subscription is in the interests of the Company and its Shareholders as a whole.

(2) The key terms of the Subscription Agreement

Pursuant to the Subscription Agreement, the consideration for the Subscription Shares is US$50.00 in cash which represents US$1.00 for each AG Share. The Subscription Price of US$1.00 per AG Share is the part value of the AG Shares.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II in this circular, numbers of scenarios are assumed. We note that upon the Completion, the net liabilities of the Remaining Group will decrease in all scenarios.

In view of the net liabilities position of Amazing Goal Group as at 31 December 2008, we consider that the terms of the Subscription Agreement is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

(3) The key terms of the Shareholders' Agreement

On Completion, the Company and Chung Chiu will enter into the Shareholders' Agreement which sets out the operations and management of Amazing Goal Group and the rights and obligations of the Company and Chung Chiu, including, among other matters, the Golife Call Option and the Chung Chiu Call Option.

The Company and Chung Chiu will jointly give directions with respect to the operating and financial policies of Amazing Goal after Completion.

We reviewed a draft Shareholders' Agreement to be entered between the Company and Chung Chiu and noted that save for the Capitalisation Issue, the Golife Call Option and the Chung Chiu Call Option, the terms of the Shareholders' Agreement, which cover the rights and obligations of each party, i.e. the composition of the board of directors of Amazing Goal and the respective financial responsibilities for each parties, are similar for the Company and Chung Chiu.

Capitalisation Issue, the Golife Call Option and the Chung Chiu Call Option

The working capital requirements of Amazing Goal will be met by means of advances and credit from financial institutions and other third party sources on the most favourable terms reasonably obtainable as to interest, repayment and security and when such advances and credit are exhausted or unavailable, by advances from the Company and Chung Chiu in proportional to their respective shareholdings at the time.

The Company can elect not to contribute its portion of the shareholder's advance. In such event, Chung Chiu can make such advances payable by the Company to Amazing Goal. Provided that the Company shall not hold less than 19% of the issued share capital of Amazing Goal immediately after such allotment and issue of AG Shares, Chung Chiu shall, at any time, be entitled to require Amazing Goal to capitalise such advances and allot issue new AG Shares, credited as fully paid to Chung Chiu. As disclosed in the Letter, the Board has no intention to make contribution to Amazing Goal as at the Latest Practicable Date.

To protect the Company by losing dividends distributed by Amazing Goal due to the Capitalisation Issue, Chung Chiu shall transfer to the Company all dividends relating to the new AG Shares allotted and issued pursuant to the Capitalisaton Issue during the Profit Making Year if Chung Chiu exercises such rights during such Profit Making Year.

Whilst the determination of the issue price of a new AG Share pursuant to the Capitalisation Issue, terms of the Golife Call Option and the Chung Chiu Call Option have been clearly set out in the Letter, we would like to draw the Shareholders' attention on the functions of the Golife Call Option and the Chung Chiu Call Option.

Prior to the exercising of the Golife Call Option by the Company, the issue price of a new AG Share pursuant to the Capitalisation Issue shall be the lower of: (i) the weighted average of the Subscription Price and the issue price of a new AG Share allotted and issued pursuant to all previous Capitalisation Issue: and (ii) the issue price per AG Share calculated based on the progressive valuations of 100% equity interest of Amazing Goal as set out in the Letter ("Progressive Valuations"). The Golife Call Option therefore allow the Company to maintain its 50% equity interest in Amazing Goal up to and including 31 December 2010 at the issue price of AG Shares pursuant to the Capitalisation Issue by Chung Chiu.

Upon the exercising of the Golife Call Option by the Company, the issue price of a new AG Share pursuant to the Capitalisation Issue and the acquisition price of the Company's AG Shares under the Chung Chiu Call Option shall be the price calculated on the Progressive Valuations. The Chung Chiu Call Option will effectively allow the Company to dispose Amazing Goal Group at a larger premium over the net liabilities position of Amazing Goal Group as reference to the date of the Subscription Agreement.

On the above basis, we concur with the Directors' view that the terms of the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option are beneficial to the Company, fair and reasonable and in the interests of the Company as a whole.

The exercise of the Golife Call Option by the Company under the Shareholders' Agreement may constitute notifiable transaction on the part of the Company under the GEM Listing Rules, and therefore, the Company will comply with the requirements under the GEM Listing Rules, including obtaining Shareholders' approval if required, when exercising the Golife Call Option.

The exercise of the Chung Chiu Call Option by Chung Chiu under the Shareholders' Agreement constitutes a very substantial disposal and connected transaction on part of the Company under the GEM Listing Rules. The grant and exercise of the Chung Chiu Call Option will be subject to the approval by the Independent Shareholders at the SGM.

(4) Financial effect of the Subscription and the grant and exercise of the Chung Chiu Option

Based on the unaudited pro forma financial information of the Remaining Group prepared under the equity method accounting as set out in Appendix II in this circular, numbers of scenarios are presumed. According to the Capitalisation periods, the following four scenarios would be occurred: Scenarios (1) the Subscription was completed; Scenarios (2) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008; Scenarios (3) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008; and Scenarios (4) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000 and the Subscription was completed and the Chung Chiu Call Option was granted and exercised on 31 December 2008.

Net assets

The audited consolidated net liabilities of the Group as at 31 December 2008 was HK$42,260,000. Assuming Scenarios (1) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$29,043,000. Assuming Scenarios (2) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$26,543,000. Assuming Scenarios (3) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$24,043,000. Assuming Scenarios (4) had been taken place on 31 December 2008, the unaudited consolidated net liabilities of the Group as at 31 December 2008 would be decreased to approximately HK$21,543,000.

Earnings

The audited consolidated loss of the Group for the year ended 31 December 2008 was HK$73,641,000. Assuming Scenarios (1) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$60,414,000. Assuming Scenarios (2) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$57,914,000. Assuming Scenarios (3) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$55,414,000. Assuming Scenarios (4) had been taken place on 31 December 2008, the unaudited consolidated loss of the Group for the year ended 31 December 2008 would be decreased to approximately HK$52,914,000.

Gearing ratio

The Group's gearing ratio calculated as a percentage of total liabilities to total assets was approximately 2.61 times. Assuming Scenarios (1) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 4.56 times. Assuming Scenarios (2) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 3.49 times. Assuming Scenarios (3) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be increased to approximately 2.83 times. Assuming Scenarios (4) had been taken place on 31 December 2008, the Group's gearing ratio as at 31 December 2008 would be decreased to approximately 2.37 times.

Gain on disposal

Assuming the Subscription has been completed and the Chung Chiu Call Option has been granted and exercised as at 31 December 2008, the estimated gain on deemed disposal of the Amazing Goal Group of approximately HK$46,870,000 which represents the net liabilities of the Amazing Goal Group as at 31 December 2008. Assuming the Chung Chiu Call Option were exercised during the year ending on 31 December 2009, 31 December 2010 and 31 December 2011, the estimated gain on deemed disposal of the Amazing Goal Group would increase to not more than approximately HK$54,370,000.

For further details of the financial effect to the Remaining Group after the completion of the Subscription and the grant and exercise of the Chung Chiu Call Option, in particular, four scenarios to be incurred upon the exercise of the Chung Chiu Call Option, please refer to the Appendix II to the Circular.

Shareholders should note that the above financial information is based on the assumption that the Subscription and the grant and exercise of the Chung Chiu Call Option is completed on 31 December 2008 and such information is for illustration purpose only. The actual financial results may vary in the event that the Chung Chiu Call Option is exercised.

Overall

Although the Subscription may have a negative impact on the gearing ratio (save for the Scenarios (4)) on the Remaining Group, we consider that the Subscription is beneficial to the Company and its Shareholders as a whole since it provide the Group with an opportunity to restructure its loss-making operations.

RECOMMENDATION

Taking into account the factors and reasons as mentioned above, we are of the opinion that the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolutions to approve the Subscription Agreement and the Shareholders' Agreement including the grant of the Golife Call Option, and the grant and exercise of the Chung Chiu Call Option to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Grand Cathay Securities (Hong Kong) Limited

Kim Chan	**Kevin Chan**
Director	*Director*

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the following reporting accountant, Vision A. S. Limited.

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

26 May 2009

The Board of Directors
Golife Concepts Holdings Limited
Unit 1611, 16/F.,
Shun Tak Centre, West Tower,
168 – 200 Connaught Road Central,
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Golife Concepts Holdings Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") for the period from 1 April 2006 to 31 December 2006 and two years ended 31 December 2007 and 2008 (the "Relevant Periods") for inclusion in the circular of the Company dated 26 May (the "Circular") in connection with a very substantial disposal and connected transaction resulting from the proposed subscription of 50 new ordinary shares of Amazing Goal International Limited ("Amazing Goal"), a directly wholly-owned subsidiary of the Company, representing 50% of enlarged share capital of Amazing Goal by Chung Chiu (PTC) Limited ("Chung Chiu"), an associate of a connected person of the Company.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda as an exempted company on 16 March 2009. The Company is an investment holding company.

As at the date of this report, the Company has interests in the following principal subsidiaries:

Name of subsidiary	Place of incorporation/ registration	Nominal value of ordinary share/ registered capital	Attributable equity interest held by the Company		Principal activities	Place of operation
			Directly	Indirectly		
Amazing Goal International Limited	British Virgin Islands	US$50	100%	–	Investment holding	Hong Kong
GL Retailing (Hong Kong) Limited (Formerly known as Golife (Hong Kong) Limited)	Hong Kong	HK$500,000	–	100%	Dormant	Hong Kong

Name of subsidiary	Place of incorporation/ registration	Nominal value of ordinary share/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities	Place of operation
Golife (Trading) Limited	Hong Kong	HK$300,000	–	100%	Distribution of high-end jewellery and accessories	Hong Kong
Golife (Management) Limited	Hong Kong	HK$10,000	–	100%	Provision of management services	Hong Kong
GOL (International) Limited	British Virgin Islands	US$1	–	100%	Dormant	Hong Kong
Peak Choice Limited	British Virgin Islands	US$1	–	100%	Dormant	Hong Kong
Sunfame Limited	British Virgin Islands	US$100	–	100%	Dormant	Hong Kong
Profit First Investments Limited	British Virgin Islands	US$1	–	100%	Investment holding	Hong Kong
Better Point Limited	British Virgin Islands	US$1	–	100%	Investment holding	Hong Kong
CR Hong Kong (Trading) Limited	Hong Kong	HK$300,000	–	100%	Dormant	Hong Kong
Mega Shell Services Limited	British Virgin Islands	US$1	100%	–	Dormant	Hong Kong
Shinhan-Golden Faith International Development Limited	British Virgin Islands	US$9,500,000	–	100%	Investment holding	Hong Kong
北京莎瑪房地產開發有限公司 (formerly known as "北京建國房地產開發有限公司")	The People's Republic of China	US$15,000,000	–	96.67%	Property investment	The People's Republic of China
Beijing Jianguo Real Estate Development Co., Ltd	British Virgin Islands	US$1	–	100%	Dormant	Hong Kong

Name of subsidiary	Place of incorporation/ registration	Nominal value of ordinary share/ registered capital	Attributable equity interest held by the Company		Principal activities	Place of operation
			Directly	Indirectly		
World East Investments Limited	British Virgin Islands	US$1	–	100%	Investment holding	Hong Kong
上海昇平文化發展有限公司	The People's Republic of China	RMB1	–	100%	Distribution of films	The People's Republic of China

We have acted as the auditor of the Group and have audited the consolidated financial statements of the Group for the year ended 31 December 2008. Cheung & Siu have acted as the auditor of the Group and have audited the consolidated financial statements of the Group for the period from 1 April 2006 to 31 December 2006 and the year ended 31 December 2007.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which also include all Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). For the purpose of this report, we have performed independent audit procedures on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in Sections A to B below has been prepared by the directors of the Company based on the Underlying Financial Statements. We have examined the Financial Information and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view is the responsibility of the directors of the Company. In preparing the Underlying Financial Statements and the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and the Company as at 31 December 2006, 31 December 2007 and 31 December 2008 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

A. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31/12/2008 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
TURNOVER	7			
Continuing operation		71,599	60,536	18,342
Discontinued operation		–	62	543
		71,599	60,598	18,885
Cost of sales		(34,243)	(22,830)	(7,385)
Gross profit		37,356	37,768	11,500
Other revenues and gains	7	4,334	6,212	5,357
Selling and distribution costs		(3,190)	(3,600)	(994)
Administrative expenses		(91,215)	(55,264)	(12,236)
Other expenses and losses	8	(18,428)	(75,556)	(4)
Finance costs	9	(2,498)	(1,800)	(1,799)
PROFIT/(LOSS) BEFORE TAX	10			
Continuing operation		(73,641)	(92,580)	486
Discontinued operation		–	340	1,338
		(73,641)	(92,240)	1,824
Tax	12			
Continuing operation		–	–	(676)
Discontinued operation		–	–	–
		–	–	(676)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS				
Continuing operation		(73,641)	(92,580)	(190)
Discontinued operation	14	–	340	1,338
		(73,641)	(92,240)	1,148
Earnings/(loss) per share	16			
From continuing and discontinued operations				
– Basic		HK(27.81) cents	HK(43.46) cents	HK1.60 cents
– Diluted		N/A	N/A	N/A
From continuing operation				
– Basic		HK(27.81) cents	HK(43.62) cents	HK(0.25) cents
– Diluted		N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

	Notes	2008 HK$'000	2007 HK$'000	2006 HK$'000
		As at 31 December		
NON-CURRENT ASSETS				
Property, plant and equipment	17	1,977	6,712	2,955
Goodwill	18	–	–	75,552
Intangible assets	19	–	–	4,720
Investments in jointly controlled entities	21	–	–	–
Investment in an associate	22	–	–	–
Available-for-sale investment	23	–	–	–
Total non-current assets		1,977	6,712	83,227
CURRENT ASSETS				
Inventories	24	7,578	8,992	2,643
Trade receivables	25	2,794	4,195	2,209
Deposits, prepayments and other receivables		6,995	13,914	4,598
Financial assets at fair value through profit or loss	26	231	966	6,190
Derivative financial instruments	27	–	840	92
Amounts due from jointly controlled entities	21	–	562	–
Tax recoverable		1,303	–	–
Pledged deposits		–	5,949	–
Cash and bank balances		5,366	3,587	3,426
Total current assets		24,267	39,005	19,158
CURRENT LIABILITIES				
Trade and bills payables	28	1,623	2,593	3,116
Other payables and accruals		17,266	15,114	3,212
Derivative financial instruments	27	2,153	459	–
Interest-bearing bank and other borrowings	29	11,074	13,563	12,460
Convertible bonds	31	3,157	–	–
Amounts due to jointly controlled entities	21	1,025	675	–
Tax payable		587	755	1,076
Total current liabilities		36,885	33,159	19,864
NET CURRENT ASSETS/(LIABILITIES)		(12,618)	5,846	(706)
TOTAL ASSETS LESS CURRENT LIABILITIES		(10,641)	12,558	82,521
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	29	1,045	805	2,785
Convertible bonds	31	30,574	–	48,188
Total non-current liabilities		31,619	805	50,973
Net assets/(liabilities)		(42,260)	11,753	31,548
EQUITY				
Issued capital	33	16,446	12,470	5,268
Reserves		(58,706)	(717)	26,280
		(42,260)	11,753	31,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital *HK$'000*	Share premium *HK$'000*	Equity component of convertible bonds *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)
Issue of convertible bonds – *note 31*	–	–	11,999	–	–	–	11,999
Redemption of convertible bonds – *note 31*	–	–	(683)	–	–	–	(683)
Capital reorganisation – *note 33*	(64,533)	–	–	–	–	64,533	–
Issue of shares on open offer – *note 33*	3,951	21,730	–	–	–	–	25,681
Share issuance costs – *note 33*	–	(786)	–	–	–	–	(786)
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 bonds – *note 31*	–	–	(195)	–	–	–	(195)
Conversion of convertible bonds – *note 31*	5,702	53,546	(11,121)	–	–	–	48,127
Placing of new shares – *note 33*	1,500	23,250	–	–	–	–	24,750
Cost of placing of new shares – *note 33*	–	(335)	–	–	–	–	(335)
Recognition of equity-settled share-based payments – *note 34*	–	–	–	–	98	–	98
Net loss for the year	–	–	–	–	–	(92,240)	(92,240)
At 31 December 2007 and 1 January 2008	12,470	132,103	–	–	98	(132,918)	11,753
Issue of convertible bonds – *note 31*	–	–	12,823	–	–	–	12,823
Conversion of convertible bonds – *note 31*	1,326	1,674	(130)	–	–	–	2,870
Placing of new shares – *note 33*	2,650	1,325	–	–	–	–	3,975
Cost of placing of new shares – *note 33*	–	(40)	–	–	–	–	(40)
Net loss for the year	–	–	–	–	–	(73,641)	(73,641)
At 31 December 2008	16,446	135,062	12,693	–	98	(206,559)	(42,260)

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
OPERATING ACTIVITIES			
Profit/(loss) before tax			
Continuing operation	(73,641)	(92,580)	486
Discontinued operation	–	340	1,338
Adjustments for:			
Finance costs	2,498	1,800	1,799
Interest income	(631)	(247)	(9)
Amortisation of intangible assets	–	673	280
Depreciation of property, plant and equipment	4,128	2,991	732
Loss on disposal of property, plant and equipment	–	501	–
Impairment of available-for-sale investment	1,400	–	–
Impairment of goodwill	–	75,552	–
Impairment of intangible assets	–	4,047	–
Impairment of inventories	1,114	–	–
Impairment of investment in an associate	–	–	4
Impairment of property, plant and equipment	2,966	–	–
Impairment of trade receivables	–	490	–
Impairment of amounts due from jointly controlled entities	3,834	–	–
Provision for loss on early termination of shop tenancies	7,781	–	–
Equity-settled share option expenses	–	98	–
Share of loss of jointly controlled entities	–	4	–
Gain on disposal of subsidiaries	–	(385)	(1,698)
Waiver of other loan	–	–	(1,000)
Waiver of other payable	(1,600)	–	–
Loss/(gain) on disposal of financial assets at fair value through profit or loss	3,746	(4,813)	(398)
Loss on disposal of derivative financial instruments	229	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	(4)	(2,014)
Fair value loss/(gain) on derivative financial instruments	2,153	(381)	(92)
Reversal of impairment of trade receivables	–	–	(3)

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Operating cash flows before movements in working capital	(46,044)	(11,914)	(575)
Decrease/(increase) in inventories	300	(6,349)	2,837
Decrease/(increase) in trade receivables	1,401	(2,476)	(409)
Decrease/(increase) in deposits, prepayments and other receivables	5,519	(9,316)	5,677
Decrease in derivative financial instruments	152	92	–
Increase/(decrease) in trade and bills payables	(970)	(523)	1,342
Increase/(decrease) in other payables and accruals	(4,029)	12,237	(400)
Cash generated from/(used in) operations	(43,671)	(18,249)	8,472
Interest received	631	247	9
Hong Kong profits tax paid	(1,471)	(321)	(2,718)
Overseas tax paid	–	–	(47)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(44,511)	(18,323)	5,716
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	(3,272)	(562)	–
Purchases of items of property, plant and equipment	(2,359)	(7,249)	(125)
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	71,717	5,666
Purchases of financial assets at fair value through profit or loss	(32,352)	(61,676)	(9,444)
Decrease/(increase) in pledged deposits	5,949	(5,949)	–
NET CASH USED IN INVESTING ACTIVITIES	(2,672)	(3,673)	(25,265)

	Year ended 31/12/2008 HK$'000	Year ended 31/12/2007 HK$'000	Period from 1/4/2006 to 31/12/2006 HK$'000
FINANCING ACTIVITIES			
Interest paid	(1,274)	(1,056)	(315)
Proceeds from issue of convertible bonds	48,200	–	–
Proceeds from issue of shares	3,935	24,415	24,895
Redemption of convertible bonds	–	(1,000)	(3,500)
Repayment of other loan	–	–	(3,775)
New bank loans raised	4,520	3,807	7,300
Repayment of bank loans	(7,279)	(7,202)	(873)
Increase in amounts due to jointly controlled entities	350	675	–
Increase/(decrease) in trust receipt loans	(3,021)	4,577	(3,157)
Repayment of capital element of finance leases	(396)	(395)	(183)
NET CASH FROM FINANCING ACTIVITIES	45,035	23,821	20,392
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,148)	1,825	843
Cash and cash equivalents at beginning of year/period	2,780	955	112
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	632	2,780	955
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	5,366	3,587	3,426
Bank overdrafts	(4,734)	(807)	(2,471)
	632	2,780	955

BALANCE SHEET

		As at 31 December		
		2008	**2007**	**2006**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*20*	–	1	81,180
Total non-current assets		–	1	81,180
CURRENT ASSETS				
Deposits, prepayments and other receivables		100	7,098	–
Amounts due from subsidiaries	*20*	4,503	13,353	–
Amounts due from jointly controlled entities	*21*	–	–	–
Cash and bank balances		3,545	1	1
Total current assets		8,148	20,452	1
CURRENT LIABILITIES				
Other payables and accruals		3,459	5,654	685
Amounts due to subsidiaries	*20*	–	3,107	3,915
Convertible bonds	*31*	3,157	–	–
Total current liabilities		6,616	8,761	4,600
NET CURRENT ASSETS/(LIABILITIES)		1,532	11,691	(4,599)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,532	11,692	76,581
NON-CURRENT LIABILITIES				
Convertible bonds	*31*	30,574	–	48,188
Total non-current liabilities		30,574	–	48,188
Net assets/(liabilities)		(29,042)	11,692	28,393
EQUITY				
Issued capital	*33*	16,446	12,470	5,268
Reserves	*36*	(45,488)	(778)	23,125
		(29,042)	11,692	28,393

B. NOTES TO THE FINANCIAL INFORMATION

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 and continued in Bermuda as an exempted company on 16 March 2009. 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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1611, 16th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road, Central, Hong Kong, respectively.

The Company's principal activity has not changed during the Relevant Periods and consisted of investment holding. The principal activity of its subsidiaries is distribution of high-end apparel, jewellery 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 during the year ended 31 December 2007, further details of which are set out in note 14 to the Financial Information.

2. BASIS OF PREPARATION

The Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) 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 Information 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 Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Group and the Company incurred a loss attributable to the equity holders of the Company of approximately HK$73,641,000 and HK$60,362,000, respectively for the year ended 31 December 2008. In addition, the Group had net current liabilities of approximately HK$12,618,000, and the Group and the Company had net liabilities of approximately HK$42,260,000 and HK$29,042,000, respectively, as at 31 December 2008. Nevertheless, the directors of the Company have adopted the going concern basis in the preparation of the Financial Information based on the followings:

(i) On 13 January 2009, the Company raised approximately HK$6.6 million before expenses, by way of open offer of 131,570,645 offer shares at a price of HK$0.05 per offer share on the basis of two offer shares for every five existing shares. The net proceeds of approximately HK$5.7 million will be utilised for the acquisition of investment properties in the People's Republic of China (the "PRC").

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

(iii) On 28 April 2009, the Company raised additional fund of HK$100 million by issuance of convertible bonds to Brilliant Arts Multi-Media Holding Limited, of which its issued shares are listed on the GEM Board of the Stock Exchange, with a term of 10 years and zero coupon rate (the "BA Bonds"). The proceeds raised from the issuance of the BA Bonds will be utilised as general working capital and/or repayment its borrowings as and when need.

(iv) On 26 November 2008, Mega Shell Services Limited ("MS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Riche (BVI) Limited ("Riche"), a wholly-owned subsidiary of China Star Investment Holdings Limited of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, MS has agreed to purchase the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden Faith International Development Limited ("SG") and World East Investments Limited ("WE") for a total consideration of HK$211,466,310. The consideration shall be satisfied by the Company in the manner that: (a) HK$5,884,597 by procuring the Company to allot and issue 117,691,940 consideration shares to Riche; (b) HK$100,000,000 by procuring the Company to issue convertible bond to Riche; (c) subject to the adjustment as provided in the sale and purchase agreement, HK$5,581,713 shall be payable in cash by MS to Riche; and (d) HK$100,000,000 by procuring the Company to issue promissory note to Riche. SG and WE are the shareholders of a joint-venture company, namely 北京莎瑪房地產開發有限公司 (the "JV Company"), a company incorporated in the PRC. The JV Company is the registered and beneficial owner of a property located in Inner Jianggou Gate of Dongcheng District, Beijing, the PRC. The property has been utilised as a high-end serviced apartment for rental purpose. The transaction was approved by the shareholders in the extraordinary general meeting held on 16 February 2009 and has been completed on 8 April 2009.

(v) On 19 January 2009, Amazing Goal International Limited ("AG"), a wholly-owned subsidiary of the Company, entered into a subscription agreement pursuant which Chung Chiu (PTC) Limited ("CC"), an associate of a connected person of the Company, has conditionally agreed to subscribe and AG has conditionally agreed to allot and issue subscription shares to CC. The subscription shares represent 50% of the entire share capital of AG as enlarged by the allotment and issue of the subscription shares. Upon completion, AG will cease to be a subsidiary of the Company and will become a jointly controlled entity of the Company. The Company's interests in AG will be accounted for by proportionate consolidation under HKAS 31 "Interests in Joint Ventures". The net current liabilities and net liabilities of AG and its subsidiaries are HK$47,802,000 and HK$46,870,000, respectively, as at 31 December 2008 on a combined basis. The transaction has not yet been completed as at the date of this report.

(vi) On 14 May 2009, the Company raised approximately HK$2.4 million before expense, by way of placing 11,560,000 placing shares on a fully underwritten basis to independent investors at a price of HK$0.205 per placing share. The net proceeds of approximately HK$2.3 million will be used for general working capital of the Group.

(vii) On 23 April 2009, the Company proposed to raise approximately not less than HK$46.3 million and not more than HK$55.6 million before expenses, by way of open offer of not less than 462,551,352 offer shares and not more than 555,506,552 offer shares at a price of HK$0.10 per share on the basis of eight offer shares for every one share held on the record date and payable in full on application. The estimated net proceeds from the open offer will not be less than approximately HK$45.3 million and will be used to reduce the Group's borrowings as and when needed, finance any future possible investment and/or for general working capital of the Group.

In the opinion of the directors of the Company, in light of the measures taken to date, together with the expected results of other measures in progress, the Group and the Company will have sufficient working capital for its current requirements and it is reasonable to expect the Group and the Company to return to a commercially viable going concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Financial Information on a going concern basis, notwithstanding the Group's and the Company's financial and liquidity position at 31 December 2008.

Should the Group and the Company be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the Financial Information.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3.1 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Underlying Financial Statements include the financial statements of the Company and its subsidiaries for the Relevant Periods. 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 Relevant Periods 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.

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.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group 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 realised 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 Group has unilateral control, directly or indirectly, over the joint venture;

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

(c) an associate, if the Group 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 HKAS 39, if the Group 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.

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 cash-generating 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 recognised 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 largely 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 improvement	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 straight-line 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 Group 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-sale 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at financial assets at fair value through profit or loss, of which interest income is included in net gains or losses.

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, is 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.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit of loss and other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities (including bank and other borrowing, trade payables and other payables) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as fair value through profit or loss, of which the interest expense is included in net gains or losses.

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 bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability components is determined using a market rate for an equivalent non-convertible bond; 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 bonds 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 Group 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 of 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 Group 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 Group 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 follows:

Fair value hedges

Fair value hedges are hedges of the Group'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 Group 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 Group 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 Group'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 of 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 recognised in profit or loss.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of probable future long service payments, if material, based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

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 recognised in equity relating to that particular foreign operation is recognised 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.

Impairment of 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 segment

During the year ended 31 December 2008, the Group's principal activity is distribution of high-end apparel, jewellery and accessories and has only one major business segment. Accordingly, no segment information by business is presented for year ended 31 December 2008. 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 during the Relevant Periods – design, development and sales of location-based technology devices and applications, and distribution of high-end apparel, jewellery 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, jewellery 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, jewellery 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	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*
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 years ended 31 December 2008, 31 December 2007 and period from 1 April 2006 to 31 December 2006.

	Hong Kong			Taiwan			Consolidated		
	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2008	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*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover:									
Continuing operation	56,442	47,108	13,255	15,157	13,428	5,087	71,599	60,536	18,342
Discontinued operation	–	62	543	–	–	–	–	62	543
External turnover	56,442	47,170	13,798	15,157	13,428	5,087	71,599	60,598	18,885
Assets:									
Segment assets	25,129	38,407	19,392	1,115	7,310	2,721	26,244	45,717	22,113
Unallocated corporate assets							–	–	80,272
Total assets							26,244	45,717	102,385
Other segment information:									
Capital expenditure	783	4,475	1,741	1,576	2,774	–	2,359	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 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER			
CONTINUING OPERATION			
Distribution of high-end apparel, jewellery and accessories	71,599	60,536	18,342
DISCONTINUED OPERATION			
Design, development and sales of location-based technology devices and applications	–	62	543
	71,599	60,598	18,885
OTHER REVENUES AND GAINS			
Bank interest income	631	247	9
Exchange gain, net	1,962	–	–
Consultancy fee income	–	–	72
Fair value gain on financial assets at fair value through profit or loss	21	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	120	340	–
Reversal of impairment of trade receivables	–	–	3
Sundry income	–	42	71
Waiver of other loan	–	–	1,000
Waiver of other payable	1,600	–	–
	4,334	6,212	5,357

8. OTHER EXPENSES AND LOSSES

	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*	*HK$'000*
Break-up fee for a terminated acquisition *(note)*	12,300	–	–
Fair value loss on derivative financial instruments	2,153	–	–
Impairment of goodwill	–	75,552	–
Impairment of investment in an associate	–	–	4
Loss on disposal of financial assets at fair value through profit or loss	3,746	–	–
Loss on disposal of derivative financial instruments	229	–	–
Share of loss of jointly controlled entities	–	4	–
	18,428	75,556	4

Note: Pursuant to an acquisition agreement in relation to the acquisition of 96.57% of the issued shares in Financiére Solola entered into by the Company dated 8 November 2007, a break-up fee of EUR1,000,000 was paid to the sellers upon the termination of the acquisition agreement due to the transaction voted down by the shareholders of the Company at an extraordinary general meeting held on 31 March 2008.

9. FINANCE COSTS

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Interest on convertible bonds	1,232	744	1,484
Interest on bank loans and overdrafts wholly repayable within five years	1,214	1,004	289
Interest on finance leases	52	52	26
	2,498	1,800	1,799

10. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Cost of inventories sold	34,243	22,830	7,323
Cost of services rendered	–	–	62
Auditor's remuneration	371	360	295
Amortisation of intangible assets	–	673	280
Depreciation of property, plant and equipment	4,128	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	21,402	15,202	3,962
Impairment of amounts due from jointly controlled entities	3,834	–	–
Impairment of available-for-sale investment	1,400	–	–
Impairment of goodwill	–	75,552	–
Impairment of intangible assets	–	4,047	–
Impairment of inventories	1,114	–	–
Impairment of investment in an associate	–	–	4
Impairment of property, plant and equipment	2,966	–	–
Impairment of trade receivables	–	490	–
Provision for loss on early termination of shop tenancies	7,781	–	–
Staff costs (excluding directors' remuneration)			
Salaries and allowances	17,819	11,778	3,119
Equity-settled share option expenses	–	32	–
Pension scheme contributions	441	364	128
	18,260	12,174	3,247

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The remuneration of each director for the years ended 31 December 2008, 31 December 2007 and the period from 1 April 2006 to 31 December 2006 are set out below:

Year ended 31 December 2008:

	Fees	Salaries and allowances	Retirement scheme contribution	Share option benefit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Gouw San Bo, Elizabeth	–	5,889	12	–	5,901
Lai Hok Lim *(note 2)*	17	–	–	–	17
Lee Chan Wah *(note 2)*	17	–	–	–	17
Lo Mun Lam, Raymond *(note 3)*	143	–	–	–	143
Richard Yen *(note 4)*	–	874	11	–	885
Non-executive directors					
Duncan Chiu	–	–	–	–	–
Yu Wai Yin, Vicky *(note 5)*	–	–	–	–	–
Independent non-executive directors					
Yip Tai Him *(note 6)*	6	–	–	–	6
Law Yiu Sang, Jacky *(note 6)*	6	–	–	–	6
Lum Pak Sum	96	–	–	–	96
Sum Chun Ho, Sam *(note 7)*	57	–	–	–	57
Wan Kwok Pan *(note 7)*	34	–	–	–	34
Total	376	6,763	23	–	7,162

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					
Gouw San Bo, Elizabeth *(note 1)*	–	1,227	6	–	1,233
Lo Mun Lam, Raymond	380	–	–	–	380
Richard Yen *(note 4)*	500	94	4	33	631
Leung Tak Wah *(note 8)*	–	246	7	–	253
Non-executive directors					
Duncan Chiu	–	–	–	33	33
Yu Wai Yin, Vicky *(note 5)*	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	40	–	–	–	40
Non-executive directors					
Duncan Chiu *(note 9)*	–	–	–	–	–
Richard Yen *(note 4)*	–	–	–	–	–
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. Lai Hok Lim and Mr. Lee Chan Wah were appointed as executive directors on 10 November 2008.

3. Mr. Lo Mun Lam, Raymond was redesigned as a non-executive director from an executive director on 28 May 2008. He resigned as a non-executive director on 16 November 2008.

4. Mr. Richard Yen was appointed as a non-executive director, redesignated as an executive director and resigned as an executive director on 27 September 2006, 28 August 2007 and 16 November 2008, respectively.

5. Ms. Yu Wai Yin, Vicky was redesignated as an non-executive director and resigned as a non-executive director on 3 April 2007 and 28 May 2008, respectively.

6. Mr. Yip Tai Him and Mr. Law Yiu Sang, Jacky were appointed as independent non-executive directors on 13 December 2008.

7. Mr. Sum Chun Ho, Sam and Mr. Wan Kwok Pan resigned as independent non-executive directors on 13 December 2008.

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

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

During the year 31 December 2008, Gouw San Bo, Elizabeth agreed to waive a partial of yearly bonus of HK$2,186,020. Apart from these, there was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

Of the five highest paid individuals, two (2007: three, 2006: two) were directors of the Company and their remuneration has been included in the directors' remuneration disclosures above and the disclosure below.

The remuneration of Mr. Richard Yen after his resignation as a director during the year ended 31 December 2008 and Ms. Gouw San Bo, Elizabeth before the appointment of a director during the year ended 31 December 2007 are as follows:

	Year ended 31/12/2008 *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Basic salaries, allowances and other benefits in kind	45	953	–
Retirement benefits scheme contributions	1	6	–
	46	959	–

Details of the emoluments of the remaining three (2007: two, 2006: three) non-directors, highest paid employees of the Group for the Relevant Periods are as follows:

	Year ended 31/12/2008 *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Basic salaries, allowances and other benefits in kind	6,775	2,915	600
Share option benefit	–	32	–
Retirement benefits scheme contributions	36	12	30
	6,811	2,959	630

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

		Number of employee	
	2008	**2007**	**2006**
Nil to HK$1,000,000	2	1	3
HK$2,000,001 to HK$2,500,000	–	1	–
HK$5,500,001 to HK$6,000,000	1	–	–
	3	2	3

During the Relevant Periods, 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 (2007 and 2006: Nil).

During the year ended 31 December 2007, 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 34 to the Financial Information. 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.

12. TAX

No provision for Hong Kong or overseas profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong or overseas during the years ended 31 December 2008 and 31 December 2007. During the period from 1 April 2006 to 31 December 2006, 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 Relevant Periods at the rates of tax prevailing in the countries in which the Group operates.

	Year ended 31/12/2008	**Year ended 31/12/2007**	**Period from 1/4/2006 to 31/12/2006**
	HK$'000	*HK$'000*	*HK$'000*
Current provision:			
– Hong Kong	–	–	575
– Overseas	–	–	101
	–	–	676
Attributable to:			
Continuing operation	–	–	676
Discontinued operation	–	–	–
	–	–	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 31/12/2008 *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Profit/(loss) before tax	(73,641)	(92,240)	1,824
Tax at the domestic income tax rate	(12,151)	(16,142)	319
Effect of different tax rates in other jurisdictions	(158)	(74)	(24)
Income not subject to tax	–	(70)	(471)
Expenses not deductible for tax	6,102	15,708	336
Deductible temporary differences not recognised	2,352	30	–
Tax losses not recognised	3,855	548	516
Tax charge at effective rate	–	–	676

13. NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders for the year ended 31 December 2008 dealt with in the financial statements of the Company is approximately HK$60,362,000 (2007: HK$89,146,000; 2006: HK$7,511,000).

14. DISCONTINUED OPERATION

On 20 September 2007, the Group ceased 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 holds a subsidiary called Satellite Devices Limited. Satellite Devices (BVI) Limited was an investment holding company 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 Relevant Periods and gain on disposal of subsidiaries related to the discontinued operation are presented below:

	Year ended 31/12/2008 *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Turnover	–	62	543
Cost of sales	–	–	(62)
Other revenues and gains	–	–	74
Selling and distribution costs	–	–	(5)
Administrative expenses	–	(107)	(910)
Loss before tax	–	(45)	(360)
Gain on disposal of subsidiaries	–	385	1,698
Profit before tax	–	340	1,338
Tax	–	–	–
Profit attributable to shareholders	–	340	1,338

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

	Year ended 31/12/2008	**Year ended 31/12/2007**	**Period from 1/4/2006 to 31/12/2006**
	HK$'000	*HK$'000*	*HK$'000*
Operating activities	–	(1)	(89)
Investing activities	–	50	–
Financing activities	–	–	–
Net cash inflow/(outflow)	–	49	(89)

15. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the Relevant Periods.

16. 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 Relevant Periods. The weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share for the year ended 31 December 2007 and period from 1 April 2006 to 31 December 2006 has been retrospectively adjusted for the effect of the share consolidated completed during the Relevant Periods.

	Year ended 31/12/2008	**Year ended 31/12/2007**	**Period from 1/4/2006 to 31/12/2006**
	HK$'000	*HK$'000*	*HK$'000*
For continuing and discontinued operations			
Profit/(loss) attributable to shareholders	(73,641)	(92,240)	1,148
For continuing operation			
Loss attributable to shareholders	(73,641)	(92,580)	(190)
		Number of shares	
Weighted average number of ordinary shares in issue during the year/period	264,809,271	212,248,517	72,315,477

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

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvement *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'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 and 1 January 2008	8,662	1,568	1,616	11,846
Additions	2,232	127	–	2,359
At 31 December 2008	10,894	1,695	1,616	14,205
Accumulated depreciation and impairment:				
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 and 1 January 2008	3,874	613	647	5,134
Charge for the year	3,534	271	323	4,128
Impairment	2,753	213	–	2,966
At 31 December 2008	10,161	1,097	970	12,228
Net book value:				
At 31 December 2008	733	598	646	1,977
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 amounts of motor vehicles as at 31 December 2008 amounted to approximately HK$646,000 (2007: HK$969,000; 2006: HK$1,293,000).

18. 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, 1 January 2008 and 31 December 2008	–

For year ended 31 December 2007, impairment test for cash-generating units containing goodwill and intangible assets (note 19).

Goodwill acquired has been allocated to the cash generating unit ("CGU") of GL Retailing (Hong Kong) Limited (formerly known as 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 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 budget 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 in 2007. Impairment loss of approximately HK$75,552,000 is recognised in the consolidated income statement for the year ended 31 December 2007.

19. 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, 31 December 2007, 1 January 2008 and 31 December 2008	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, 1 January 2008 and 31 December 2008	5,000
Net book value:	
At 31 December 2008	–
At 31 December 2007	–
At 31 December 2006	4,720

Intangible assets acquired have been allocated to the cash generating unit ("CGU") of GL Retailing (Hong Kong) Limited (formerly known as 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 in 2007. Impairment loss of approximately HK$4,047,000 is recognised in the consolidated income statement for the year ended 31 December 2007. Further details of the impairment test are also set out in note 18.

20. INTERESTS IN SUBSIDIARIES

	Company As at 31 December 2008 HK$'000	2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	81,191	81,181	81,180
Impairment in value	(81,191)	(81,180)	–
	–	1	81,180
Amount due from subsidiaries	38,156	17,853	102,193
Amount due to subsidiaries	–	(3,107)	(3,915)
Impairment in value	(33,653)	(4,500)	(102,193)
	4,503	10,246	(3,915)
	4,503	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 to their fair values.

Particulars of the subsidiaries of the Company as at 31 December 2008 are as follows:

Name	Place of incorporation/ registration	Issued and fully paid up capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
GL Retailing (Hong Kong) Limited (Formerly known as 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
CR Hong Kong (Trading) Limited	Hong Kong	HK$300,000	–	100%	Distribution of high-end apparel and accessories
Golife (Management) Limited	Hong Kong	HK$10,000	100%	–	Provision of management services
GOL (International) Limited	British Virgin Islands	US$1	–	100%	Dormant

Name	Place of incorporation/ registration	Issued and fully paid up capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
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
Mega Shell Services Limited	British Virgin Islands	US$1	100%	–	Dormant

As at the date of this report, except for Mega Shell Services Limited, all of the above subsidiaries are, directly or indirectly, held by Amazing Goal International Limited, a directly wholly-owned subsidiary of the Company.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group As at 31 December			Company As at 31 December		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	4	4	–	–	–	–
Share of post acquisition loss	(4)	(4)	–	–	–	–
	–	–	–	–	–	–
Amounts due from jointly controlled entities	3,834	562	–	3,258	–	–
Amounts due to jointly controlled entities	(1,025)	(675)	–	–	–	–
Impairment in value	(3,834)	–	–	(3,258)	–	–
	(1,025)	(113)	–	–	–	–

The share of post acquisition loss is limited to the cost of investments. The unrecognised share of post acquisition loss for the year is amounted to approximately HK$3,582,000 (2007: 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 2008 are as follows:

Name	Place of incorporation/ registration	Ownership interest	Percentage of Voting power	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	Wholesales of high-end apparel and accessories
北京諾利富服裝有限公司	PRC	50	50	50	Distribution of high-end apparel and accessories

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

As at the date of this report, all of the above investments in jointly controlled entities are indirectly held by Amazing Goal International Limited, a directly wholly-owned subsidiary of the Company.

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

	As at 31 December		
	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
The jointly controlled entities' assets and liabilities:			
Current assets	57	12	–
Non-current assets	1,876	1,400	–
Current liabilities	(10,547)	(2,862)	–
Non-current liabilities	–	–	–
Net liabilities	(8,614)	(1,450)	–
The Group's share of net assets of jointly controlled entities	–	–	–

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
The jointly controlled entities' results:			
Turnover	5,046	3,606	–
Cost of sales	(3,834)	(2,511)	–
Gross profit	1,212	1,095	–
Other revenues	120	–	
Total expenses	(8,495)	(2,553)	–
Tax	–	–	–
Loss after tax	(7,163)	(1,458)	–
Group's share of loss of jointly controlled entities for the year/period	–	(4)	–
Accumulated unrecognised share of loss of jointly controlled entities	(4,307)	(725)	–

22. INVESTMENT IN AN ASSOCIATE

	Group As at 31 December		
	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*
Share of net assets	–	–	4
Impairment	–	–	(4)
	–	–	–

The investment in an associate was disposed in 2007.

23. AVAILABLE-FOR-SALE INVESTMENT

	Group As at 31 December		
	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*
Unlisted equity investment, at cost	1,400	–	–
Impairment in value	(1,400)	–	–
	–	–	–

The above investment represents investment in an unlisted equity security issued by a private entity incorporated in Hong Kong. It is measured at cost less impairment at each balance sheet date because the directors of the Group are of the opinion that its fair values cannot be measured reliably.

24. INVENTORIES

	Group		
	As at 31 December		
	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Merchandise	7,578	8,992	2,643

At 31 December 2008, no inventories were carried at net realisable value (2007 and 2006: Nil).

25. TRADE RECEIVABLES

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

	Group		
	As at 31 December		
	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	1,960	2,430	1,710
31 – 60 days	643	1,503	499
61 – 90 days	–	24	–
Over 90 days	681	728	–
	3,284	4,685	2,209
Less: impairment	(490)	(490)	–
	2,794	4,195	2,209

The Group deals mainly with retail customers who pay with cash and credit cards. Other than cash and credit card sales to retail customers, the Group normally allows a credit period of 30 days to its wholesale customers.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		
	As at 31 December		
	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Equity investments listed in Hong Kong, at fair value	42	238	1,493
Derivative financial assets, at fair value	189	728	4,697
	231	966	6,190

At 31 December 2008, none (2007: HK$728,000; 2006: Nil) of the Group's financial assets at fair value through profit or loss was pledged as security for the Group's bank borrowings.

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

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group As at 31 December					
	2008		**2007**		**2006**	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Forward foreign currency contracts	–	2,153	840	459	92	–

The Group has two forward currency contracts outstanding as at 31 December 2008 (2007: eight; 2006: two) to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Fair value loss of non-hedging currency derivatives amounting to approximately HK$2,153,000 was debited to the income statement during the year (2007: a gain of HK$381,000; 2006: a gain of HK$92,000).

28. TRADE AND BILLS PAYABLES

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

	Group As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	1,008	1,707	2,433
31 – 60 days	–	178	367
61 – 90 days	–	13	16
Over 90 days	615	695	300
	1,623	2,593	3,116

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group								
	As at 31 December								
	2008			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	Effective interest rate (%)	Maturity or interest reprice date, whichever is earlier	HK$'000
Current									
Finance lease payables – *note 30*	3.25%	2009	395	3.25%	2008	395	3.25%	2007	395
Bank overdrafts – secured	6% – 7.75%	on demand	4,734	6.75% – 7.75%	On demand	807	8.75%	On demand	2,471
Bank loans – secured	3.75% – 8.75%	2009	1,626	8.75% – 9.75%	2008	5,021	9.75%	2007	6,831
Trust receipt loans – secured	5% – 7.75%	2009	4,319	6.75% – 7.75%	2008	7,340	7.75%	2007	2,763
			11,074			13,563			12,460
Non-current									
Finance lease payables – *note 30*	3.25%	2010-2011	247	3.25%	2009 – 2011	643	3.25%	2008-2011	1,038
Bank loans – secured	3.75% – 8.75%	2010-2011	798	8.75% – 9.75%	2009 – 2010	162	9.75%	2008-2009	1,747
			1,045			805			2,785
			12,119			14,368			15,245

	Group		
	As at 31 December		
	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	10,679	13,168	12,065
In the second year	773	162	1,584
In the third to fifth years, inclusive	25	–	163
	11,477	13,330	13,812
Other borrowings repayable:			
Within one year or on demand	395	395	395
In the second year	222	395	395
In the third to fifth years, inclusive	25	248	643
	642	1,038	1,433
	12,119	14,368	15,245

The Group's banking facilities are secured by:

(i) the pledge of none (2007: HK$5,949,000; 2006: Nil) of the Group's fixed deposits;

(ii) the pledge of none (2007: HK$728,000; 2006: Nil) of the Group's financial assets at fair value through profit or loss;

(iii) corporate guarantee provided by the Company; and

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

30. 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 two to three years.

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

	Group					
	Minimum lease payments 2008	**Minimum lease payments 2007**	**Minimum lease payments 2006**	**Present value of minimum lease payments 2008**	**Present value of minimum lease payments 2007**	**Present value of minimum lease payments 2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:						
Within one year	447	447	447	395	395	395
In the second year	252	447	447	222	395	395
In the third to fifth years, inclusive	28	280	727	25	248	643
Total minimum finance lease payments	727	1,174	1,621	642	1,038	1,433
Future finance charges	(85)	(136)	(188)			
Total net finance lease payables	642	1,038	1,433			
Portion classified as current liabilities – *note 29*	(395)	(395)	(395)			
Long term portion – *note 29*	247	643	1,038			

31. CONVERTIBLE BONDS

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

On 11 June 2008, the Company issued a convertible bond with principal amount of HK$6.2 million to an independent third party, JL Investments Capital Limited, for a term of one year with a coupon rate of 2% per annum. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.025, subject to adjustment, at any time after the date of issue and before the maturity date.

On 16 July 2008, the Company issued a convertible bond with principal amount of HK$7 million to Far East Holdings International Limited, for a term of three years with a coupon rate of 2% per annum. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.025, subject to adjustment, at any time after the date of issue and before the maturity date.

On 25 September 2008, the Company issued a convertible bond with principal amount of HK$35 million to Goldig Investment Group Limited, for a term of three years with zero coupon rate. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.125, subject to adjustment at any time after the date of issue and before the maturity date.

The fair value of the liability component and the equity conversion component were determined at issuance of the convertible bonds. 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 equity.

The convertible bonds recognised in the balance sheets of the Group and the Company are calculated as follows:

	Group and Company		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Nominal value of convertible bonds at 1 January	–	59,504	–
Convertible bonds issued during the year/period	48,200	–	61,520
Equity component	(12,823)	(11,316)	(11,999)
Liability component at the date of issue	35,377	48,188	49,521
Conversion during the year/period	(2,870)	(48,127)	–
Redemption during the year/period	–	(805)	(2,817)
Interest expenses	1,232	744	1,484
Interest paid	(8)	–	–
Liability component at 31 December	33,731	–	48,188
Equity component at 1 January	–	11,316	–
Convertible bonds issued during the year/period	12,823	–	11,999
Conversion during the year/period	(130)	(11,121)	–
Redemption during the year/period	–	(195)	(683)
Equity component at 31 December	12,693	–	11,316

32. DEFERRED TAX

The movements in the Group's deferred tax liabilities/(assets) during the Relevant Periods 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 at 1 January 2007	6	(6)	–
Charged/(credited) to consolidated income statement	15	(15)	–
At 31 December 2007 and at 1 January 2008	21	(21)	–
Charged/(credited) to consolidated income statement	(21)	21	–
At 31 December 2008	–	–	–

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

As at 31 December 2008, the Group has deductible temporary difference of approximately HK$14,772,000 (2007: approximately HK$877,000; 2006: Nil) and estimated unused tax losses of approximately HK$24,489,000 (2007: approximately HK$1,937,000; 2006: 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 recognised during the year (2007 and 2006: nil) due to the unpredictability of future profit streams.

33. SHARE CAPITAL

	As at 31 December		
	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*
Authorised:			
2,000,000,000 ordinary shares of HK$0.05 each (2007 and 2006: 10,000,000,000 ordinary shares of HK$0.01 each)	100,000	100,000	100,000
Issued and fully paid:			
328,926,613 ordinary shares of HK$0.05 each (2007: 1,247,001,488 ordinary shares of HK$0.01 each) (2006: 526,801,488 ordinary shares of HK$0.01 each)	16,446	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$'000	Share premium HK$'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 reorganization	*(i)*	(526,801,491)	(64,533)	–	(64,533)
Open offer, net	*(ii)*	395,101,116	3,951	20,944	24,895
At 31 December 2006 and 1 January 2007, ordinary shares of HK$0.01 each		526,801,488	5,268	55,642	60,910
Conversion of convertible bonds	*(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 and 1 January 2008, ordinary shares of HK$0.01 each		1,247,001,488	12,470	132,103	144,573
Conversion of convertible bonds	*(v)*	80,000,000	800	1,200	2,000
		1,327,001,488	13,270	133,303	146,573
Share consolidation (5 into 1)	*(vi)*	(1,061,601,190)	–	–	–
At 13 August 2008, ordinary shares of HK$0.05 each		265,400,298	13,270	133,303	146,573
Conversion of convertible bonds	*(v)*	10,526,315	526	474	1,000
Placing, net	*(vii)*	53,000,000	2,650	1,285	3,935
At 31 December 2008, ordinary shares of HK$0.05 each		328,926,613	16,446	135,062	151,508

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 ended 31 December 2007, convertible bonds 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 were issued at a placing price of HK$0.165 per share on 18 June 2007, net proceeds of approximately HK$24,415,000 was being raised as working capital.

(v) During the year ended 31 December 2008, convertible bonds with principal amount of HK$2,000,000 were converted into 80,000,000 ordinary shares at a conversion price of HK$0.025 per share and convertible bonds with principal amount of HK$1,000,000 were converted into 10,526,315 ordinary shares at a conversion price of HK$0.095 per share.

(vi) On 13 August 2008, 1,327,001,488 issued ordinary shares were consolidated into 265,400,298 ordinary shares on the basis of every 5 issued shares consolidated into 1 consolidated share. The nominal value of each issued consolidated share was then increased from HK$0.01 each to HK$0.05 each.

(vii) 53,000,000 new ordinary shares were issued at a placing price of HK$0.075 per share on 10 December 2008, net proceed of approximately HK$3,935,000 was being raised as working capital.

34. 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 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 outstanding

Name of grantees	Date of grant	Exercise period	Exercise price per share		Number of share options	
			2008	2007	2008	2007
			HK$	*HK$*	*HK$*	*HK$*
			(Note)		*(Note)*	
Richard Yen	3/7/2007	3/7/2007-5/3/2012	1.095	0.219	198,000	990,000
Duncan Chiu	3/7/2007	3/7/2007-5/3/2012	1.095	0.219	198,000	990,000
Gouw Hiap Kian	3/7/2007	3/7/2007-5/3/2012	1.095	0.219	198,000	990,000

Note: The exercise price and number of share option have been adjusted due to the completion of the share consolidation on 13 August 2008.

(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 Options 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.

35. 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 on 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 a cash payment under the award if the award price exceeds the vesting 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 *HK$*	Overall limit of cash payment *HK$'000*	Award granted during the year *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 years ended 31 December 2008 and 2007.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity on page 22 of the Financial Information.

Company

	Share premium	Equity component of convertible bonds	Share-based payments reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	34,698	–	–	(100,855)	(66,157)
Issue of convertible bonds – *note 31*	–	11,999	–	–	11,999
Redemption of convertible bonds – *note 31*	–	(683)	–	–	(683)
Capital reorganization – *note 33*	–	–	–	64,533	64,533
Issue of shares on open offer – *note 33*	21,730	–	–	–	21,730
Share issuance costs – *note 33*	(786)	–	–	–	(786)
Net loss for the period	–	–	–	(7,511)	(7,511)
At 31 December 2006 and 1 January 2007	55,642	11,316	–	(43,833)	23,125
Redemption of convertible bonds – *note 31*	–	(195)	–	–	(195)
Conversion of convertible bonds – *note 31*	53,546	(11,121)	–	–	42,425
Placing of new shares – *note 33*	23,250	–	–	–	23,250
Cost of placing of new shares – *note 33*	(335)	–	–	–	(335)
Recognition of equity-settled share-based payments – *note 34*	–	–	98	–	98
Net loss for the year	–	–	–	(89,146)	(89,146)
At 31 December 2007 and 1 January 2008	132,103	–	98	(132,979)	(778)
Issue of convertible bonds – *note 31*	–	12,823	–	–	12,823
Conversion of convertible bonds – *note 31*	1,674	(130)	–	–	1,544
Placing of new shares – *note 33*	1,325	–	–	–	1,325
Cost of placing of new shares – *note 33*	(40)	–	–	–	(40)
Net loss for the year	–	–	–	(60,362)	(60,362)
At 31 December 2008	135,062	12,693	98	(193,341)	(45,488)

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 2008, in the opinion of the directors, there is no Company's reserves available for distributions to shareholders (2007: Nil; 2006: HK$11,809,000).

37. DISPOSAL OF SUBSIDIARIES

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'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
Amounts 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 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'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	–

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Group and the Company had the following material transactions with related parties during the Relevant Periods:

Group

	Notes	**Year ended 31/12/2008** *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Sales to a jointly controlled entity	*(i)*	–	11	–
Management fee income charged to a jointly controlled entity	*(ii)*	120	340	–
Purchases from jointly controlled entities	*(iii)*	4,747	3,446	–
Management fee charged by a related Company	*(iv)*	984	984	495
Subsidy received from a jointly controlled entity for the cost of leasehold improvement	*(v)*	–	100	–

Company

	Notes	**Year ended 31/12/2008** *HK$'000*	**Year ended 31/12/2007** *HK$'000*	**Period from 1/4/2006 to 31/12/2006** *HK$'000*
Management fee income charged to subsidiaries	*(vi)*	–	780	–

Notes:

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

(ii) 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.

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

(iv) 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.

(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 providing 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) As at 31 December 2006, 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 31 December 2007 and 2008, such guarantee has been released by the related company.

39. CONTINGENT LIABILITIES

Pending Litigation

As at 31 December 2008, GL Retailing (Hong Kong) Limited ("GLHK"), a directly wholly-owned subsidiary of the Company, was a defendant in a pending litigation and dispute arising from early termination of license agreements for a brand name product raised by GLHK. The licensor claims, through the French Court, directly against GLHK only, but none of the directors or the Company, for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in the sum of EUR6,374,745 (equivalent to approximately HK$70,122,000). The directors consider that the claim is enormously overstated for the reasons that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the directors do not agree that the licensor has incurred any loss on its image. The Company is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The directors consider that the claim is too remote and will be limited to a small fraction of the sum being claimed. No provision has been made in the financial statement for the year.

40. 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 dates, the Group had future minimum lease payments under non-cancelable operating leases falling due as follows:

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	17,315	14,783	6,301
In the second to fifth years, inclusive	11,483	13,581	4,618
	28,798	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.

Included in the above, the following minimum lease payments as at 31 December 2008 were released owing to the cancellation of certain tenancy agreements with landlords after 31 December 2008:

	HK$'000
Within one year	6,647
In the second to fifth years, inclusive	4,832
	11,479

41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40 above, the Group had the following commitments at the balance sheet dates:

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

	2008 *HK$'000*	**2007** *HK$'000*	**2006** *HK$'000*
Minimum purchases:			
Within one year	28,751	26,451	19,072
In the second to fifth years, inclusive	84,963	92,017	86,151
Beyond five years	–	–	6,649
	113,714	118,468	111,872

Included in the above, the following minimum purchase commitments as at 31 December 2008 were released owing to the cancellation of license agreements in respect of brand name products with licensor after 31 December 2008.

	HK$'000
Within one year	16,471
In the second to fifth years, inclusive	39,108
	55,579

(b) Capital commitments

	2008 *HK$'000*	**2007** *HK$'000*	**2006** *HK$'000*
Contracted, but not provided for:			
Acquisition of a subsidiary *(note)*	–	89,086	–
Legal and professional fee related to the acquisition	–	981	–
	–	90,067	–

Note: 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 ended 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 has been voted down by the shareholders of the Company at an extraordinary general meeting held on 31 March 2008.

(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 2008, the commitment on the earn-out payment not provided is with minimum of HK$1,957,000 (2007: 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 a 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 2008, Better Point has the outstanding commitment of HK$5,532,000 (2007: HK$5,532,000) for the capital injection into CR Hong Kong.

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

		Group	
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Fair value through profit or loss	231	1,806	6,282
Loans and receivables (including cash and cash equivalents)	15,014	21,044	10,233
	15,245	22,850	16,515
Financial liabilities			
Fair value through profit or loss	2,153	459	–
Amortised cost	60,732	31,115	69,761
	62,885	31,574	69,761

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise convertible bonds, 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 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 profit/(loss) before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax** *HK$'000*	**Increase/ (decrease) in equity** *HK$'000*
2008			
Hong Kong dollar	50	57	(57)
Hong Kong dollar	(50)	(57)	57
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 84% (2007: 87%; 2006: 100%) of the Group's purchases are denominate 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 dates, 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 Group 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 Group'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 dates, 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 2008					
Convertible bonds	–	–	3,157	30,574	33,731
Derivative financial instrument	–	2,153	–	–	2,153
Amounts due to a jointly controlled entity	1,025	–	–	–	1,025
Interest-bearing bank and other borrowings	4,734	4,481	1,859	1,045	12,119
Other payables and accruals	–	12,234	–	–	12,234
Trade and bills payable	–	1,623	–	–	1,623
	5,759	20,491	5,016	31,619	62,885
31 December 2007					
Derivative financial instruments	–	459	–	–	459
Amounts due to a jointly controlled entity	675	–	–	–	675
Interest-bearing bank and other borrowings	807	9,360	3,396	805	14,368
Other payables and accruals	–	13,479	–	–	13,479
Trade and bills payable	–	2,593	–	–	2,593
	1,482	25,891	3,396	805	31,574
31 December 2006					
Convertible bonds	–	–	–	48,188	48,188
Interest-bearing bank and other borrowings	2,471	4,867	5,122	2,785	15,245
Other payables and accruals	–	3,212	–	–	3,212
Trade and bills payable	–	3,116	–	–	3,116
	2,471	11,195	5,122	50,973	69,761

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 25 to the financial statements.

44. 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 new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2008, 2007 and period from 1 April 2006 to 31 December 2006.

The Group monitors capital using a gearing ratio, which is interest-bearing borrowings divided by the total of borrowings and equity. Borrowings includes interest-bearing borrowings and convertible bonds. Equity includes total equity less equity components of convertible bonds.

	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Borrowings			
Interest-bearing bank and other borrowings	12,119	14,368	15,245
Convertible bonds – equity and liability components	46,424	–	59,504
	58,543	14,368	74,749
Equity:			
Total equity	(42,260)	11,753	31,548
Convertible bonds – equity components	(12,693)	–	(11,316)
	(54,953)	11,753	20,232

C. SUBSEQUENT EVENTS

The following events have occurred subsequent to 31 December 2008:

(a) On 13 January 2009, the Company issued 131,570,645 new ordinary shares at a subscription price of HK$0.05 per share, by way of open offer on the basis of two offer shares for every five existing shares. Further details of the transaction are also set out in a prospectus of the Company dated 19 December 2008.

(b) On 19 January 2009, the authorised share capital of the Company has been increased from HK$100,000,000 divided into 2,000,000,000 shares, to HK$1,500,000,000 divided into 30,000,000,000 shares by creation of 28,000,000,000 new shares pursuant to an ordinary resolution passed on the extraordinary general meeting held by the Company on 19 January 2009.

(c) On 19 January 2009, the Company and Amazing Goal entered into sale and purchase agreements (the "Agreements"). Pursuant to the Agreements, the Company agreed to sale and Amazing Goal agreed to acquire the entire issued share capital of Better Point Limited, GL Retailing (Hong Kong) Limited, Golife (Management) Limited, Peak Choice Limited, Profit First Investments Limited and Sunfame Limited. The total consideration for the sale and purchase was US$6.00 and was satisfied by the allotment and issue of six consideration shares by Amazing Goal to the Company (the "Restructuring").

(d) On 29 January 2009, the Company issued a convertible bond with a principal value of HK$60,000,000 to China Star Entertainment Limited for a term of 10 years with zero coupon rate. Such convertible bond is convertible into shares of the Company at a conversion price of HK$0.05 per share (subject to adjustment) at any time after the date of issue of such convertible bond and before the maturity date. Further details of the transaction are also set out in the circular of the Company dated 23 December 2008.

(e) On 15 February 2009, GL Retailing (Hong Kong) Limited ("GLHK"), a wholly-owned subsidiary of the Company, entered into certain surrender tenancy agreements with landlords to terminate the tenancy agreements of retailing shops in Hong Kong and Taiwan.

(f) On 16 February 2009, GLHK entered into a deed of release and waiver with a licensor, pursuant to which the licenses with exclusive franchise right to the sale of the products of a brand in Hong Kong and Taiwan were terminated.

(g) On 16 March 2009, the domicile of the Company has been changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. Further details of the transaction are also set out in the circular of the Company dated 13 January 2009.

(h) On 6 April 2009, the Company's capital reorganisation has been completed. Capital reorganisation is comprising (i) share consolidation that every ten shares of HK$0.05 each in the issued and unissued share capital be consolidated into one consolidated share of HK$0.5 each of the Company ("Consolidated Shares"); (ii) capital reduction that the par value of all issued Consolidated Shares from HK$0.50 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued Consolidated Share; (iii) diminution of the par value of each of the authorised but unissued Consolidated Shares from HK$0.50 each to HK$0.01 each by a diminution of HK$0.49 on each authorised but unissued Consolidated Share.

(i) On 26 November 2008, Mega Shell Services Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Riche (BVI) Limited ("Riche") to acquire 100% equity interests of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and World East Investments Limited ("World East"), and all obligations liabilities and debts owing and incurring by Shinhan_Golden and World East to Riche. Shinhan-Golden and World East effectively jointly owned a property in Beijing in the PRC. Further details of the transaction are also set out in the circular of the Company dated 23 January 2009. The transaction has been completed on 8 April 2009.

(j) On 23 April 2009, the Company proposed to raise approximately not less than HK$46.3 million and not more than HK$55.6 million before expenses, by way of open offer of not less than 462,551,352 offer shares and not more than 555,506,552 offer shares at a price of HK$0.10 per share on the basis of eight offer shares for every one share held on the record date and payable in full on application. The estimated net proceeds from the open offer will not be less than approximately HK$45.3 million and will be used to reduce the Group's borrowings as and when needed, finance any future possible investment and/or for general working capital of the Group. Further details of the transaction are also set out in the circular of the Company dated 14 May 2009. The transaction has not yet been completed as at the date of this report.

(k) On 28 April 2009, the Company issued a convertible bond with a principal value of HK$100,000,000 to Brilliant Arts Multi-Media Holding Limited for a term of 10 years with zero coupon rate. Such convertible bond is convertible into shares of the Company at a conversion price of HK$0.5 per share (subject to adjustment) at any time after the date of issue of such convertible bond and before the maturity date. Further details of the transaction are also set out in the circular of the Company dated 23 December 2008.

(l) On 14 May 2009, the Company issued 11,560,000 new ordinary shares at a price of HK$0.205 per placing share, by way of placing on a fully underwritten basis to independent investors. Further details of the transaction are also set out in the announcement of the Company dated 23 April 2009.

(m) On 19 January 2009, Amazing Goal and Chung Chiu entered into a subscription agreement pursuant to which Chung Chiu has conditionally agreed to subscribe for and Amazing Goal has conditionally agreed to allot and issue 50 shares in cash at a price of US$1.00 per share.

The revenue and expenses, assets and liabilities, and cash flows of the Amazing Goal Group are set out as follows:

(i) Revenue and expenses of the Amazing Goal Group

	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER	71,599	60,536	18,342
Cost of sales	(34,243)	(22,829)	(7,324)
Gross profit	37,356	37,707	11,018
Other revenues and gains	4,334	5,827	2,584
Selling and distribution costs	(3,190)	(3,600)	(989)
Administrative expenses	(73,548)	(45,995)	(9,567)
Other expenses and losses	(6,128)	(4)	–
Finance costs	(1,266)	(1,056)	(316)
PROFIT/(LOSS) BEFORE TAX	(42,442)	(7,121)	2,730
Tax	–	–	(676)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	(42,442)	(7,121)	2,054

(ii) Assets and liabilities of the Amazing Goal Group

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	1,977	6,712	2,955
Total non-current assets	1,977	6,712	2,955
CURRENT ASSETS			
Inventories	7,578	8,992	2,643
Trade receivables	2,794	4,195	2,209
Deposit, prepayments and other receivables	6,895	6,816	2,800
Financial assets at fair value through profit or loss	231	966	6,190
Derivative financial instruments	–	840	92
Amount due from the ultimate holding company	–	–	3,916
Amounts due from jointly controlled entities	–	562	–
Tax recoverable	1,303	–	–
Pledged deposits	–	5,949	–
Cash and bank balances	1,821	3,586	3,424
Total current assets	20,622	31,906	21,274
CURRENT LIABILITIES			
Trade and bills payables	1,623	2,593	3,116
Other payables and accruals	13,807	9,461	2,110
Derivative financial instruments	2,153	459	–
Interest-bearing bank and other borrowings	11,074	13,563	12,460
Amount due to the ultimate holding company	38,155	14,745	–
Amount due to jointly controlled entities	1,025	675	–
Tax payable	587	755	1,076
Total current liabilities	68,424	42,251	18,762
NET CURRENT ASSETS/(LIABILITIES)	(47,802)	(10,345)	2,512
TOTAL ASSETS LESS CURRENT LIABILITIES	(45,825)	(3,633)	5,467
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	1,045	805	2,785
Total non-current liabilities	1,045	805	2,785
Net assets/(liabilities)	(46,870)	(4,438)	2,682
EQUITY			
Issued capital	511	501	500
Reserves	(47,381)	(4,939)	2,182
	(46,870)	(4,438)	2,682

(iii) Cash flows of the Amazing Goal Group

	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Profit/(loss) before tax	(42,442)	(7,121)	2,730
Adjustments for:			
Finance costs	1,266	1,056	316
Interest income	(631)	(247)	(9)
Depreciation of property, plant and equipment	4,128	2,991	732
Loss on disposal of property, plant and equipment	–	501	–
Impairment of available-for-sale investment	1,400	–	–
Impairment of inventories	1,114	–	–
Impairment of property, plant and equipment	2,966	–	–
Impairment of trade receivables	–	490	–
Impairment of amounts due from jointly controlled entities	576	–	–
Provision for loss on early termination of shop tenancies	7,781	–	–
Share of loss of jointly controlled entities	–	4	–
Waiver of other payable	(1,600)	–	–
Loss/(gain) on disposal of financial assets at fair value through profit or loss	3,746	(4,813)	(398)
Net loss on disposal of derivative financial instruments	229	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	(4)	(2,014)
Fair value loss/(gain) on derivative financial instruments	2,153	(381)	(92)
Operating cash flows before movements in working capital	(19,335)	(7,524)	1,265
Decrease/(increase) in inventories	300	(6,349)	2,837
Decrease/(increase) in trade receivables	1,401	(2,476)	(740)
Decrease/(increase) in deposits, prepayments and other receivables	(1,479)	(4,016)	7,465
Decrease in derivative financial instruments	152	92	–
Increase/(decrease) in trade and bills payables	(970)	(523)	1,342
Increase/(decrease) in other payables and accruals	(1,835)	7,686	(1,710)
Cash generated from/(used in) operations	(21,766)	(13,110)	10,459

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Cash generated from/(used in) operations	(21,766)	(13,110)	10,459
Interest received	631	247	9
Hong Kong profits tax paid	(1,471)	(321)	(2,675)
Overseas tax paid	–	–	(90)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(22,606)	(13,184)	7,703
INVESTING ACTIVITIES			
Acquisition of a subsidiary	10	1	–
Disposal of subsidiaries	–	(335)	–
Purchases of shareholding in jointly controlled entities	–	(4)	–
Advances to jointly controlled entities	(14)	(562)	–
Decrease/(increase) in amounts due from the ultimate holding company	–	3,916	(3,916)
Purchases of items of property, plant and equipment	(2,359)	(7,249)	(125)
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	71,717	5,666
Purchases of financial assets at fair value through profit or loss	(32,352)	(61,676)	(9,444)
Decrease/(increase) in pledged deposits	5,949	(5,949)	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	596	(141)	(7,819)
FINANCING ACTIVITIES			
Interest paid	(1,266)	(1,056)	(316)
New bank loans raised	4,520	3,807	7,300
Repayment of bank loans	(7,279)	(7,202)	(873)
Increase in amounts due to jointly controlled entities	350	675	–
Increase in amounts due to the ultimate holding company	23,410	14,745	–
Increase/(decrease) in trust receipt loans	(3,021)	4,577	(3,157)
Repayment of capital element of finance leases	(396)	(395)	(183)
NET CASH FROM FINANCING ACTIVITIES	16,318	15,151	2,771
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,692)	1,826	2,655
Cash and cash equivalents at beginning of year/period	2,779	953	(1,702)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	(2,913)	2,779	953

(iv) Statement of changes in equity of the Amazing Goal Group

	Issued capital	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2006	500	128	628
Net profit for the period	–	2,054	2,054
At 31 December 2006 and 1 January 2007	500	2,182	2,682
Issue of shares	1	–	1
Net loss for the year	–	(7,121)	(7,121)
At 31 December 2007 and 1 January 2008	501	(4,939)	(4,438)
Issue of shares	10	–	10
Net loss for the year	–	(42,442)	(42,442)
At 31 December 2008	511	(47,381)	(46,870)

(v) Segment information of the Amazing Goal Group

Segment information is presented by way of two segment formats: (1) on a primary segment reporting basis, by business segment; and (2) on a secondary segment reporting basis, by geographical segment.

(1) Business segment

The Amazing Goal Group's principal activity is distribution of high-end apparel, jewellery and accessories and has only one major business segment. Accordingly, no segment information by business is presented.

(2) Geographical segments

The following tables present revenue, assets and capital expenditures for the Amazing Goal Group's geographical segments for the years ended 31 December 2008, 31 December 2007 and period from 1 April 2006 to 31 December 2006.

	Hong Kong			Taiwan			Total		
	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2008	Year ended 31/12/2007	Period from 1/4/2006 to 31/12/2006	Year ended 31/12/2008	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*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover:									
External turnover	56,442	47,108	13,255	15,157	13,428	5,087	71,599	60,536	18,342
Assets:									
Segment assets	21,484	31,308	15,318	1,115	7,310	2,721	22,599	38,618	18,039
Unallocated corporate assets							–	–	6,190
Total assets							22,599	38,618	24,229
Other segment information:									
Capital expenditure	783	4,475	1,741	1,576	2,774	–	2,359	7,249	1,741

(vi) Profit/(loss) before tax of the Amazing Goal Group

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

	Year ended 31/12/2008 *HK$'000*	Year ended 31/12/2007 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*
Cost of inventories sold	34,243	22,829	7,324
Auditors' remuneration	196	170	70
Depreciation of property, plant and equipment	4,128	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	21,402	15,202	3,914
Impairment of amounts due from jointly controlled entities	576	–	–
Impairment of available-for-sale investment	1,400	–	–
Impairment of inventories	1,114	–	–
Impairment of trade receivables	–	490	–
Impairment of property, plant and equipment	2,966	–	–
Provision for loss on early termination of shop tenancies	7,781	–	–
Staff costs (excluding directors' remuneration)			
Salaries and allowances	17,819	11,778	1,374
Pension scheme contributions	441	364	103
	18,260	12,142	1,477

(vii) Trade receivables of the Amazing Goal Group

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

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	1,960	2,430	1,710
31 – 60 days	643	1,503	499
61 – 90 days	–	24	–
Over 90 days	681	728	–
	3,284	4,685	2,209
Less: impairment	(490)	(490)	–
	2,794	4,195	2,209

The Group deals mainly with retail customers who pay with cash and credit cards. Other than cash and credit card sales to retail customers, the Group normally allows a credit period of 30 days to its wholesale customers.

(viii) Trade and bills payables of the Amazing Goal Group

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

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	1,008	1,707	2,433
31 – 60 days	–	178	367
61 – 90 days	–	13	16
Over 90 days	615	695	300
	1,623	2,593	3,116

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Group in respect of any period subsequent to 31 December 2008.

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

Cheung Man Yau, Timothy
Practising Certificate No.: P01417

MANAGEMENT DISCUSSION AND ANALYSIS

The following information is extracted from management discussion and analysis of the Group from the annual reports of the Group for each of the year ended 31 December 2008 and 31 December 2007 and for the period ended 31 December 2006.

For the year ended 31 December 2008

Financial Review

Turnover of the Group was approximately HK$71,599,000 for the year ended 31 December 2008, representing an increase of 18% compared with last year. Gross profit was HK$37,356,000, representing approximately 52% of turnover. Gross profit margin dropped as compared with 62% last year mainly due to sales discounts offered in the weak retail market. Loss attributable to shareholders after tax was HK$73,641,000. Within the total losses, HK$22,433,000 was attributed by the termination of the acquisition of Financière Solola in April 2008 and certain related financing exercises. Excluding the one-time losses that were attributed from the termination of this acquisition, the Group's net loss attributable to shareholders was HK$51,208,000.

Besides the one-time losses, certain administrative expenses like rental expenses and staff costs increased mainly due to opening of new shops and provisions made arising from early termination of shop tenancies. During the year under review, the Group decided to cease the operations for three of its four fashion brands, namely Anya Hindmarch, Paule Ka and Cynthia Rowley in Hong Kong and Taiwan due to the effects of the financial crisis on luxury retail consumption. The Group believes that these effects will be long-lasting and decided to adopt a prudent strategy in terms of its luxury fashion retail business.

Business Review

Distribution business for two luxury European brands, Anya Hindmarch, and Paule Ka, continued to grow steadily. British accessory brand Anya Hindmarch remained as the Group's main revenue contributor accounting for 63% of the Group's turnover. Turnover from Anya Hindmarch was HK$44,962,000, of which 66% was derived in Hong Kong and the remaining 34% from Taiwan. Turnover from the Paris-based women's wear brand Paule Ka was HK$18,636,000.

Distribution business of the Group's 50% owned designer jewellery brand, Life of Circle, achieved satisfactory results through 3 POS in Hong Kong. During the year, distribution business for Life of Circle achieved a turnover of HK$7,501,000. The Group believes the Life of Circle brand has enormous long-term potential and it is a matter of time for the brand to reach the critical mass.

On 26 November 2008, Mega Shell Services Limited ("MS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Riche (BVI) Limited ("Riche"), a wholly-owned subsidiary of China Star Investment Holdings Limited of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, MS has agreed to purchase the entire issued share capital and the outstanding shareholders' loan of Shinhan-Golden Faith International Development Limited ("SG") and World East Investments Limited ("WE") for a total consideration of HK$211,466,310. The consideration shall be satisfied by the Company in the manner that: (a) HK$5,884,597 by procuring the Company to allot and issue 117,691,940 consideration shares to Riche; (b) HK$100,000,000 by procuring the Company to issue convertible bond to Riche; (c) subject to the adjustment as provided in the sale and purchase agreement, HK$5,581,713 shall be payable in cash by MS to Riche; and (d) HK$100,000,000 by procuring the Company to issue promissory note to Riche. SG and WE are the shareholders of a joint-venture company, namely 北京莎瑪房地產開發有限公司 (the "JV Company"), a company incorporated in the People's Republic of China (the "PRC"). The JV Company is the registered and beneficial owner of a property located in Inner Jianggou Gate of Dongcheng District, Beijing, the PRC. The property has been utilised as a high-end serviced apartment for rental purpose. The property has commenced operation in late June 2008 and is managed by SHAMA, one of the leading providers of boutique serviced apartments in the Hong Kong real estate market. The details of the transaction were set out in the circular of the Company dated 23 January 2009 and was approved by the shareholders in the extraordinary general meeting held on 16 February 2009.

Liquidity and Financial Resources

At 31 December 2008, the Group had total assets of approximately HK$26,244,000 (2007: HK$45,717,000), including cash and bank balances of approximately HK$5,366,000 (2007: HK$3,587,000). The increase in cash and bank balances was mainly contributed by cash inflow generated from financing activities during the year.

To achieve a higher return from working capital, the Group also held short-term investments, mainly in equity listed in Hong Kong, totaling HK$231,000.

During the year under review, the Group financed its operation with internally generated cash flows and the proceeds from the issuance of convertible bonds and placing of new shares.

On 11 June 2008, the Company issued a convertible bond in the principal amount of HK$6,200,000 for a term of one year with coupon rate of 2% per annum. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.025, subject to adjustment, at any time after the date of issue and before the maturity date. HK$3,000,000 convertible bond had been converted into 26,526,315 shares during the year (as adjusted due to the completion of the share consolidation of five issued and unissued shares into one consolidated share taken place on 13 August 2008). The outstanding principal amount of the convertible bond was HK$3,200,000 at 31 December 2008.

On 16 July 2008, the Company issued a convertible bond in the principal amount of HK$7,000,000 for a term of three years with coupon rate of 2% per annum. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.025, subject to adjustment, at any time after the date of issue and before the maturity date. The outstanding principal amount of the convertible bond was HK$7,000,000 at 31 December 2008.

On 25 September 2008, the Company issued a convertible bond in the principal amount of HK$35,000,000 for a term of three years with zero coupon rate. The convertible bond is convertible into shares of the Company at an initial conversion price of HK$0.125 per share, subject to adjustment, at any time after the date of issue and before the maturity date. The outstanding principal amount of the convertible bond was HK$35,000,000 at 31 December 2008.

On 10 December 2008, the Company raised approximately HK$3,975,000, before expense, by way of placing of 53,000,000 new shares to independent investors at a price of HK$0.075 per share. The net proceeds of HK$3,935,000 were utilised to finance the proposed acquisition of the investment properties in the PRC by the Group.

At 31 December 2008, the Group did not have any charge on its assets.

At 31 December 2008, the Group had total borrowings of approximately HK$12,119,000, which included HK$11,074,000 with maturity within one year. All borrowings were denominated in Hong Kong dollar.

Treasury Policies

The Group's major exposure in foreign currency risk is arising from purchase transactions denominated in pound sterling and euro. Forward contracts were considered and entered into for hedging foreign currency risk.

Commitments

At 31 December 2008, the Group had operating lease commitments of HK$28,798,000 and purchase commitments of HK$113,714,000.

Contingent Liabilities

As at 31 December 2008, a directly wholly-owned subsidiary of the Company, GL Retailing (Hong Kong) Limited ("GLHK"), was a defendant in a pending litigation and dispute arising from early termination of license agreements for a brand name product raised by GLHK. The licensor claims through the French Court, directly against GLHK only, but none of the directors or the Company, for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in the sum of EUR6,374,745 (equivalent to approximately HK$70,122,000). The directors consider that the claim is enormously overstated for the reason that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the directors do not agree that the licensor has incurred any loss on its image. The Company is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The directors consider that the claim is too remote and will be limited to a small fraction of the sum being claimed. No provision has been made in the financial statement for the year.

Employees

At 31 December 2008, the Group had 64 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not enter into any new significant investment during the year ended 31 December 2008.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

The Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies for the year ended 31 December 2008.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition of the PRC investment properties as mentioned in the "Management Discussion and Analysis" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Share Consolidation, Change in Board Lot Size, Capital Reorganisation and Change in Domicile

Pursuant to the resolutions passed on 12 August 2008, share consolidation was effected on 13 August 2008 that every five issued shares and unissued shares be consolidated into 1 consolidated share ("Consolidated Shares"). Upon the share consolidation became effective, the board lot size for trading of shares of the Company has been changed from 30,000 shares to 20,000 Consolidated Shares.

Pursuant to the resolutions passed on 9 February 2009, the domicile of the Company will be changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. Capital reorganisation will be effected by way of comprising (a) share consolidation that every ten shares of HK$0.05 each in the issued and unissued share capital be consolidated into one consolidated share of HK$0.50 each of the Company ("Consolidated Shares"); (b) capital reduction that the par value of all issued Consolidated Shares from HK$0.50 each to HK$0.01 each by canceling the paid-up capital to the extent of HK$0.49 on each issued Consolidated Share; (c) diminution of the par value of each of the authorised but unissued Consolidated Shares from HK$0.50 each to HK$0.01 each by a diminution of HK$0.49 on each authorised but unissued Consolidated Share. The change of domicile and capital reorganisation has not yet been completed as at the date of this report.

For the year ended 31 December 2007

Financial Review

Financial year 2007 was a significant and challenging year for the Group. It saw rapid development of brands represented by the Group and growth of the Group's distribution business. Significant financial and human resources were deployed in strengthening and re-structuring the management team and operational units to ensure the Group is able to meet the anticipated expansion of demand in 2008.

Turnover of the Group was approximately HK$60,598,000 for the year, representing an increase of 221% compared with the period from 1 April 2006 to 31 December 2006. Gross profit was HK$37,768,000, representing approximately 62% of turnover. Loss attributable to shareholders after tax was HK$92,240,000. In accordance with Hong Kong Accounting Standard 36, the Group recognised a one-time write-off of goodwill of HK$75,552,000; such goodwill was attributable to the acquisition of Golife (Hong Kong) Limited (formerly known as "Hip Kin Retailing Limited") in 2006. An impairment of intangible assets of HK$4,047,000 was also recognised.

During the year, the Group added two new brands, Cynthia Rowley and Life of Circle, to its distribution business and commenced product design and development for both brands. As a result, certain one-off pre-opening expenses were incurred, which contributed negatively to the financial performance that would have been achieved otherwise.

Distribution Business

Distribution business for two luxury brands, Anya Hindmarch and Paule Ka, continued to grow steadily. British accessory brand Anya Hindmarch remained the Group's main revenue contributor accounting for 72% of the Group's turnover. Turnover from Anya Hindmarch was HK$43,831,000, of which 69% was derived in Hong Kong and the remaining 31% from Taiwan. Turnover from the Paris-based women's wear brand Paule Ka was HK$12,931,000.

In March 2007, designer jewellery and accessory brand, Life of Circle, was added to the Group's distribution portfolio. Two points of sale ("POS") of the brand commenced operation during the year in Hong Kong, with the third one scheduled to open in April 2008. During the year, distribution business for Life of Circle achieved a turnover of HK$3,774,000 and reported a loss of HK$2,641,000. The Group believes the Life of Circle brand has enormous long-term potential, and it is only a matter of time for the brand to reach the critical mass.

In September 2007, the Group became the licensee and distributor of New York-designer brand Cynthia Rowley in Hong Kong and mainland China. The Group had secured two premises in Hong Kong and one in Beijing for setting up POS of the brand, the first of which will open in May 2008. Under the licensing agreement, the Group plans to open up to 20 POS for the brand by 2013, some of which will be opened in second-tier cities in mainland China to be operated by individual franchisees.

During the year, the Group strengthened its management by recruiting managers for its distribution and marketing departments to ensure that the manpower of these departments are sufficient to support the expansion of the Group's distribution business in the Greater China region. With a number of new POS to open in 2008, the Directors believe the Group will be able to achieve greater economies of scale and brace the performance of the distribution business and operating margins in 2008.

Product Development

Life of Circle Limited, which was formed in February 2007, and in which the Group had a 50% interest is responsible for the design, sourcing, merchandise planning and wholesale of conceptual jewellery and accessories carrying the Life of Circle trademark.

The new Life of Circle operation, which gave the Group indirect interest of the trademark, has transformed the Group from a pure distribution company into also a brand development and management company. The Group now works closely with Life of Circle Limited to ensure marketability and profitability of Life of Circle products. The Group plans to double the number of new jewellery products and introduce a new line of corporate gifts in 2008 to meet market demand.

CR Hong Kong Limited, a company in which the Group had a 50% interest as at 31 December 2007, was granted the licensing rights to design, manufacture and distribute products carrying the Cynthia Rowley trademark in Hong Kong and mainland China. It handles the design, sourcing and merchandise planning of women's apparels and accessories under the Cynthia Rowley trademark.

Expecting Cynthia Rowley brand products to contribute revenues in a decent proportion to its total revenues in the next few years, the Group has deployed resources to strengthen product development and sourcing capabilities in Hong Kong and mainland China to support the brand. The different measures taken included conducting focused market researches and recruitment of designers and merchandisers for the brand.

Acquisition of French-brand Solola

On 8 November 2007, the Group signed an agreement with Crédit Lyonnais Capital Investissement, Crédit Lyonnais Développement 2, Mr. Pierre Hémar, Lion Capital Investissement, Nollius BV and Quilvest France ("the Sellers") to purchase the sale shares, representing 96.57% of the issued share capital of Financière Solola and FS Convertible Bonds at a total initial consideration of EUR7,717,766 (approximately HK$92,381,659). Upon conversion of the FS Convertible Bonds, the Company's interest in Financière Solola will increase to approximately 98.25%.

In addition to the initial consideration and upon satisfaction of certain EBITDA targets set in the agreement, the Group will pay to the Sellers the Earn Out – a one-off performance related payment of EUR2,894,162 (approximately HK$34,643,119). If the audited consolidated EBITDA of Financière Solola Group for the year ending 31 December 2008 based on the French GAAP is equal to or in excess of the EBITDA Target, the Earn Out shall be capped at EUR2,894,162 (approximately HK$34,643,119). (Note: Euro/Hong Kong Dollar = 11.97, as per circular dated 8 March 2008).

Financière Solola was incorporated on 6 February 2003 and the Financière Solola Group is principally engaged in the design and sale of women's apparels carrying the "Solola" brand. "Solola" products are sold in 13 boutiques of the brand in France as well as a network of over 500 wholesale points in France and worldwide.

The acquisition will give the Group equity ownership of an established French brand in Europe and will boost the Group's design and product development capabilities. On top of bringing in revenues and profits, Financière Solola becoming a member of the GoLife family is also conducive to the Group's plan to extend its POS network in Greater China and speed up business development in mainland China where demand for quality consumer brands is growing.

It is expected that, subject to satisfaction of the various conditions, including approval from shareholders of the Company, the proposed acquisition will be completed in the second quarter of 2008.

Future Plans and Strategies

Upon completion of the acquisition of the Solola brand, the Group will have five prestigious brands in its portfolio and thirty mono-branded POS in its distribution network. The Group aims to become an international premier lifestyle-product company, with emphasis on brand management, product development as well as distribution and marketing.

With China becoming the fastest growing economy in Asia, the Group will continue to focus on building a sizable POS network in mainland China, where there will be abundant opportunities for the Group's luxury lifestyle products.

The Group will continue to seek and identify unique international accessory and apparel brands with character, market potential and longevity to form distribution, product development and equity partnerships.

Corporate Planning and Administration

During the financial year, the management established a Corporate Planning and Administration division for the Group to oversee the finance as well as human resources and administration departments. The respective departments under this division support the Group's business operations, in areas including accounting, company secretarial functions, legal and compliance, human resources and investor relations.

To cope with the expanding operations in different countries, namely China, Taiwan and France, the division plans to commence an overall internal review of the Group's current systems and affairs as well as implement new internal control systems, including setting up corporate governance committees upon completion of such review as appropriate and necessary.

Liquidity and Financial Resources

The Group had cash and bank balances of HK$9,536,000 as at 31 December 2007, out of which HK$5,949,000 was pledged for banking facilities. To achieve a higher return from working capital, the Group also held short-term investments, mainly in equity listed in Hong Kong, totalling 966,000 of which HK$728,000 was secured. Total borrowings as at 31 December 2007 amounted to HK$14,368,000, which included HK$13,563,000 with maturity within one year. Except for borrowings of HK$1,613,000 denominated in pound sterling, all other borrowings were denominated in Hong Kong dollar. The Group's gearing ratio, representing borrowings divided by the total of borrowings and equity, was 55%. The Group's major exposure in foreign currency risk was arising from purchase transactions. Forward contracts were entered into for hedging such transactions during the year.

As at 31 December 2007, the Group had operating lease commitments of HK$28,364,000, purchase commitments of HK$118,468,000, capital commitment for investment in Financière Solola Group of HK$89,086,000 and other capital commitments of HK$7,880,000.

Employees

As at 31 December 2007, the Group had 73 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other benefits include share options granted or to be granted under the share option scheme.

For the period ended 31 December 2006

Overview

During the period, the Group changed its year-end to 31 December. Hence, the results of the period under review are effectively the results of the 9 months ended 31 December 2006.

The Group underwent a period of significant change and growth in the nine months period under review and recorded the following developments: –

– Key changes in management personnel

– Open offer raised HK$23.73 million in net proceeds

– Acquired 100% interest in Golife (Hong Kong) Limited (formerly Hip Kin Retailing Limited), which holds the Greater China distribution rights of luxury fashion brands Anya Hindmarch and Paule Ka, at HK$81 million in cash and convertible notes

To reflect the change in business nature of the Group, we changed the name of the Company from "Satellite Devices Corporation" to "Golife Concepts Holdings Limited" in October 2006.

Turnover of the Group was approximately HK$18,885,000 for the period, representing an increase of 1,290% against the entire FY2005. The Group turned around its business to report profit attributable to shareholders of HK$1,148,000 against loss attributable to shareholders of HK$17,726,000 in last year. Excluding an interest charge of HK$1,484,000, which was arising from the remeasurement of the fair value of liabilities component of Convertible Notes amounting to HK$49,521,000, profit attributable to shareholders would be HK$2,632,000. Subsequent to the year-end, HK$37,100,000 of the Convertible Notes, of which the convertible price is HK$0.10, have been converted. Should the remaining Convertible Notes be fully converted within 2007, no similar charge shall be made in the Profit and Loss Account.

The Group's improved financial results is owed mainly to the acquisition of 100% equity interest in Golife (Hong Kong) Limited completed on 31 July 2006 (the "Acquisition").

During the nine months period under review, the Group made an open offer of 395,101,116 shares and raised net proceeds of HK$23.73 million. HK$18.48 million of the proceeds was used for the Acquisition, and the balance of HK$5.25 million as working capital of the Group. HK$1.85 million is earmarked for brand marketing. The Group's financial position has strengthened as a result of these transactions.

The five-month results of Golife (Hong Kong) Limited after the Acquisition was completed had been consolidated into the Group's account. Golife (Hong Kong) Limited had contributed positively and significantly to the profitability and cash flows of the Group.

A previous shareholder of Golife (Hong Kong) Limited, Chung Chiu Limited, provided a profit guarantee to the Group, as a condition of Sale and Purchase, of no less than HK$10,000,000 of net profit before tax for the year ended 31 March 2006. Golife (Hong Kong) Limited announced on 27 September 2006 that its net profit before tax for the year was HK$9,333,387. As agreed, Chung Chiu Limited paid the Group the shortfall of guarantee profit of HK$666,613.

Operational Review

During the nine months period, the Group's apparel and accessories distribution business made HK$18.34 million in turnover and gross profit of HK$11.02 million, translating into a gross profit margin of 60%. Demand for products of the two brands currently carried by the Group, namely London-based Anya Hindmarch and Paris-based Paule Ka, was strong driven by favourable economic conditions in Hong Kong and Taiwan. The Group believes the net margin of the business will improve with rental of shop space peaked in 2006 and expected to come down in 2007, hence lower rental cost of the business is expected.

As for the Group's location-based auto-recovery business, it reported a turnover of HK$0.54 million. Competition remained keen with players making continuous capital investment and pushing for technological innovation. The Board will carefully monitor the performance of this business and will consider ceasing this business unit as soon as practicable if it does not achieve desirable profitability in the near term.

Future Plans and Prospects

The strong macro economic environment of the Greater China region is favorable for the Group's luxury consumer products distribution business. The Board believes the Group is poised to capture opportunities in the region in the next few years to achieve rapid growth.

On February 2007, the Group entered into an Agreement with Zion Worldwide Limited ("Zion Worldwide") to establish LOC Limited ("LOC"), with Profit First Investment Limited and Zion Worldwide owning equal stake. LOC will wholesale, design, source, merchandise and market lifestyle consumer products including but not limited to jewellery and accessories under the Life of Circle trademark. Created by award-winning designer Dickson Yewn, Life of Circle is an accessories brand that infuses Chinese philosophy into product designs. The brand offers concept 'bridge' jewelry and accessories. The world-renowned brand received the DTC Diamond Award in 2004, and its store was named by Forbes magazine as among the world's top 25 stores in 2005

When the transaction is completed, Dickson Yewn and Zion Worldwide will transfer and assign to the new company all LOC IP Rights and existing Trademark-related products, and Golife will be involved in brand management and product development of LOC. Golife will also be the exclusive agent to market, distribute, promote or conduct deals of the products in overseas markets. In Hong Kong, it will open as many as 4 mono-brand stores for LOC in premium shopping malls and be responsible for wholesale arrangements with other prestigious multi-brand stores.

With Life of Circle added to its portfolio, the Group is prepared to aggressively expand its luxury consumer products distribution business in 2007.

For Anya Hindmarch, the Group has secured prime shop spaces and will open two new stores in Taiwan in mid-2007 and one new store in Hong Kong in the second half of 2007. For Paule Ka, the Group will open a second and third store in Hong Kong in the third quarter of 2007. For Life of Circle, the Group has plans for two stores in premium shopping malls in Hong Kong. Upon completion of these expansion plans, the Group will have a total of 13 points of sales compared to 6 as at 31 December 2006.

The Group will continue to identify and forge equity and/or distribution partnership with unique fashion and lifestyle-product brands with character, market potential and longevity. It will focus on a "vertical brand-raising" model, which will enable it to attract more "up-and-coming" brands in Greater China to become its partners. The Group targets to double its points of sales every 18 months.

The Group also plans to start distributing products and setting up retail operations in Mainland China, the fastest growing economy in Asia. It expects to complete mapping out related strategy and mechanism in the near future. The Group is confident of capturing the demand for luxury products in key Mainland cities.

Liquidity and Financial Resources

The Group had cash and bank balances of HK$3.43 million as at 31 December 2006. To achieve a higher return for working capital, the Group also held short-term investments, mainly derivatives and equity listed in Hong Kong, totaling HK$6.20 million.

The Group will continue to improve its financial position. With positive cash inflow from operations and secured banking facilities, the Group has sufficient financial resources to meet its commitments and working capital requirements.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the following reporting accountant, Vision A. S. Limited.

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

26 May 2009

The Board of Directors
Golife Concepts Holdings Limited
Unit 1611, 16/F.,
Shun Tak Centre, West Tower,
168-200 Connaught Road 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") which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed Subscription, might have affected the financial information of the Group, for inclusion as Appendix II to the circular of the Company dated 26 May (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 114 to 140 to the Circular.

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 owed 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 Remaining Group as at 31 December 2008 or any future date; or
- the financial results and cash flows of the Remaining Group for the period ended 31 December 2008 or any future periods.

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following are for illustrative purposes only, the unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Remaining Group (collectively referred to as the "Pro Forma Financial Information") which have been prepared based on the audited consolidated balance sheet of the Group as at 31 December 2008, the audited consolidated income statement and cash flow statement of the Group for the year ended 31 December 2008 (collectively referred to as the "Unadjusted Financial Information") extracted from the Accountants' Report on the Group set out in Appendix I of this circular, after making pro forma adjustments as set out below.

The unaudited pro forma consolidated balance sheet of the Remaining Group has been prepared to illustrate the effects of the Subscription and the exercise of the Chung Chiu Call Option, as if the Subscription and the exercise of the Chung Chiu Call Option had taken place on 31 December 2008. The unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement of the Remaining Group have been prepared to illustrate the effects of the Subscription and the exercise of the Chung Chiu Call Option, as if the Subscription and the exercise of the Chung Chiu Call Option had taken place on 1 January 2008. The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Group to prepare the Unadjusted Financial Information. The Pro Forma Financial Information has been prepared by the Directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, financial results and cash flows of the Remaining Group had the Subscription and the exercise of the Chung Chiu Call Option been completed as at 31 December 2008 or 1 January 2008 or at any future date.

The Pro Forma Financial Information is presented in four scenarios as follows:

(1) Assume only the Subscription has been completed on 31 December 2008/1 January 2008;

(2) Assume the following events occurred on 31 December 2008/1 January 2008:

  (i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

  (ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

  (iii) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000.

(3) Assume the following events occurred on 31 December 2008/1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000.

(4) Assume the following events occurred on 31 December 2008/1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000.

I. Unaudited Pro Forma Consolidated Balance Sheet

Scenario 1: Assume only the Subscription has been completed on 31 December 2008

	Audited consolidated balance sheet of the Group as at 31 December 2008	Pro forma adjustments				Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	
NON-CURRENT ASSETS						
Property, plant and equipment	1,977	(1,977)	–	–	–	–
Interests in jointly controlled entities	–	–	–	–	–	–
Total non-current assets	1,977	(1,977)	–	–	–	–
CURRENT ASSETS						
Inventories	7,578	(7,578)	–	–	–	–
Trade receivables	2,794	(2,794)	–	–	–	–
Deposits, prepayments and other receivables	6,995	(6,895)	–	–	–	100
Financial assets at fair value through profit or loss	231	(231)	–	–	–	–
Amounts due from jointly controlled entities	–	–	–	38,155	(33,653)	4,502
Tax recoverable	1,303	(1,303)	–	–	–	–
Cash and bank balances	5,366	(1,821)	–	–	–	3,545
Total current assets	24,267	(20,622)	–	38,155	(33,653)	8,147
CURRENT LIABILITIES						
Trade and bills payables	1,623	(1,623)	–	–	–	–
Other payables and accruals	17,266	(13,807)	–	–	–	3,459
Derivative financial instruments	2,153	(2,153)	–	–	–	–
Interest-bearing bank and other borrowings	11,074	(11,074)	–	–	–	–
Convertible bonds	3,157	–	–	–	–	3,157
Amount due to the ultimate holding company	–	(38,155)	–	38,155	–	–
Amounts due to jointly controlled entities	1,025	(1,025)	–	–	–	–
Tax payable	587	(587)	–	–	–	–
Total current liabilities	36,885	(68,424)	–	38,155	–	6,616
NET CURRENT ASSETS/(LIABILITIES)	(12,618)	47,802	–	–	(33,653)	1,531
TOTAL ASSETS LESS CURRENT LIABILITIES	(10,641)	45,825	–	–	(33,653)	1,531
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	1,045	(1,045)	–	–	–	–
Convertible bonds	30,574	–	–	–	–	30,574
Total non-current liabilities	31,619	(1,045)	–	–	–	30,574
Net liabilities	(42,260)	46,870	–	–	(33,653)	(29,043)
EQUITY						
Issued capital	16,446	–	–	–	–	16,446
Reserves	(58,706)	–	46,870	–	(33,653)	(45,489)
	(42,260)	–	46,870	–	(33,653)	(29,043)

Scenario 2: Assume the following events occurred on 31 December 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000.

	Audited consolidated balance sheet of the Group as at 31 December 2008	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5(a)*	
NON-CURRENT ASSETS							
Property, plant and equipment	1,977	(1,977)	–	–	–	–	–
Interests in jointly controlled entities	–	–	–	–	–	–	–
Total non-current assets	1,977	(1,977)	–	–	–	–	–
CURRENT ASSETS							
Inventories	7,578	(7,578)	–	–	–	–	–
Trade receivables	2,794	(2,794)	–	–	–	–	–
Deposits, prepayments and other receivables	6,995	(6,895)	–	–	–	–	100
Financial assets at fair value through profit or loss	231	(231)	–	–	–	–	–
Amounts due from jointly controlled entities	–	–	–	38,155	(33,653)	–	4,502
Tax recoverable	1,303	(1,303)	–	–	–	–	–
Cash and bank balances	5,366	(1,821)	–	–	–	2,500	6,045
Total current assets	24,267	(20,622)	–	38,155	(33,653)	2,500	10,647
CURRENT LIABILITIES							
Trade and bills payables	1,623	(1,623)	–	–	–	–	–
Other payables and accruals	17,266	(13,807)	–	–	–	–	3,459
Derivative financial instruments	2,153	(2,153)	–	–	–	–	–
Interest-bearing bank and other borrowings	11,074	(11,074)	–	–	–	–	–
Convertible bonds	3,157	–	–	–	–	–	3,157
Amount due to the ultimate holding company	–	(38,155)	–	38,155	–	–	–
Amounts due to jointly controlled entities	1,025	(1,025)	–	–	–	–	–
Tax payable	587	(587)	–	–	–	–	–
Total current liabilities	36,885	(68,424)	–	38,155	–	–	6,616
NET CURRENT ASSETS/(LIABILITIES)	(12,618)	47,802	–	–	(33,653)	2,500	4,031
TOTAL ASSETS LESS CURRENT LIABILITIES	(10,641)	45,825	–	–	(33,653)	2,500	4,031
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	1,045	(1,045)	–	–	–	–	–
Convertible bonds	30,574	–	–	–	–	–	30,574
Total non-current liabilities	31,619	(1,045)	–	–	–	–	30,574
Net liabilities	(42,260)	46,870	–	–	(33,653)	2,500	(26,543)
EQUITY							
Issued capital	16,446	–	–	–	–	–	16,446
Reserves	(58,706)	–	46,870	–	(33,653)	2,500	(42,989)
	(42,260)	–	46,870	–	(33,653)	2,500	(26,543)

Scenario 3: Assume the following events occurred on 31 December 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000.

	Audited consolidated balance sheet of the Group as at 31 December 2008	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5(b)*	
NON-CURRENT ASSETS							
Property, plant and equipment	1,977	(1,977)	–	–	–	–	–
Interests in jointly controlled entities	–	–	–	–	–	–	–
Total non-current assets	1,977	(1,977)	–	–	–	–	–
CURRENT ASSETS							
Inventories	7,578	(7,578)	–	–	–	–	–
Trade receivables	2,794	(2,794)	–	–	–	–	–
Deposits, prepayments and other receivables	6,995	(6,895)	–	–	–	–	100
Financial assets at fair value through profit or loss	231	(231)	–	–	–	–	–
Amounts due from jointly controlled entities	–	–	–	38,155	(33,653)	–	4,502
Tax recoverable	1,303	(1,303)	–	–	–	–	–
Cash and bank balances	5,366	(1,821)	–	–	–	5,000	8,545
Total current assets	24,267	(20,622)	–	38,155	(33,653)	5,000	13,147
CURRENT LIABILITIES							
Trade and bills payables	1,623	(1,623)	–	–	–	–	–
Other payables and accruals	17,266	(13,807)	–	–	–	–	3,459
Derivative financial instruments	2,153	(2,153)	–	–	–	–	–
Interest-bearing bank and other borrowings	11,074	(11,074)	–	–	–	–	–
Convertible bonds	3,157	–	–	–	–	–	3,157
Amount due to the ultimate holding company	–	(38,155)	–	38,155	–	–	–
Amounts due to jointly controlled entities	1,025	(1,025)	–	–	–	–	–
Tax payable	587	(587)	–	–	–	–	–
Total current liabilities	36,885	(68,424)	–	38,155	–	–	6,616
NET CURRENT ASSETS/(LIABILITIES)	(12,618)	47,802	–	–	(33,653)	5,000	6,531
TOTAL ASSETS LESS CURRENT LIABILITIES	(10,641)	45,825	–	–	(33,653)	5,000	6,531
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	1,045	(1,045)	–	–	–	–	–
Convertible bonds	30,574	–	–	–	–	–	30,574
Total non-current liabilities	31,619	(1,045)	–	–	–	–	30,574
Net liabilities	(42,260)	46,870	–	–	(33,653)	5,000	(24,043)
EQUITY							
Issued capital	16,446	–	–	–	–	–	16,446
Reserves	(58,706)	–	46,870	–	(33,653)	5,000	(40,489)
	(42,260)	–	46,870	–	(33,653)	5,000	(24,043)

Scenario 4: Assume the following events occurred on 31 December 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000.

	Audited consolidated balance sheet of the Group as at 31 December 2008	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5(c)*	
NON-CURRENT ASSETS							
Property, plant and equipment	1,977	(1,977)	–	–	–	–	–
Interests in jointly controlled entities	–	–	–	–	–	–	–
Total non-current assets	1,977	(1,977)	–	–	–	–	–
CURRENT ASSETS							
Inventories	7,578	(7,578)	–	–	–	–	–
Trade receivables	2,794	(2,794)	–	–	–	–	–
Deposits, prepayments and other receivables	6,995	(6,895)	–	–	–	–	100
Financial assets at fair value through profit or loss	231	(231)	–	–	–	–	–
Amounts due from jointly controlled entities	–	–	–	38,155	(33,653)	–	4,502
Tax recoverable	1,303	(1,303)	–	–	–	–	–
Cash and bank balances	5,366	(1,821)	–	–	–	7,500	11,045
Total current assets	24,267	(20,622)	–	38,155	(33,653)	7,500	15,647
CURRENT LIABILITIES							
Trade and bills payables	1,623	(1,623)	–	–	–	–	–
Other payables and accruals	17,266	(13,807)	–	–	–	–	3,459
Derivative financial instruments	2,153	(2,153)	–	–	–	–	–
Interest-bearing bank and other borrowings	11,074	(11,074)	–	–	–	–	–
Convertible bonds	3,157	–	–	–	–	–	3,157
Amount due to the ultimate holding company	–	(38,155)	–	38,155	–	–	–
Amounts due to jointly controlled entities	1,025	(1,025)	–	–	–	–	–
Tax payable	587	(587)	–	–	–	–	–
Total current liabilities	36,885	(68,424)	–	38,155	–	–	6,616
NET CURRENT ASSETS/ (LIABILITIES)	(12,618)	47,802	–	–	(33,653)	7,500	9,031
TOTAL ASSETS LESS CURRENT LIABILITIES	(10,641)	45,825	–	–	(33,653)	7,500	9,031
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	1,045	(1,045)	–	–	–	–	–
Convertible bonds	30,574	–	–	–	–	–	30,574
Total non-current liabilities	31,619	(1,045)	–	–	–	–	30,574
Net liabilities	(42,260)	46,870	–	–	(33,653)	7,500	(21,543)
EQUITY							
Issued capital	16,446	–	–	–	–	–	16,446
Reserves	(58,706)	–	46,870	–	(33,653)	7,500	(37,989)
	(42,260)	–	46,870	–	(33,653)	7,500	(21,543)

II. Unaudited Pro Forma Consolidated Income Statement

Scenario 1: Assume only the Subscription has been completed on 1 January 2008

	Audited consolidated income statement of the Group for the year ended 31 December 2008	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	*Note 8*	
Turnover	71,599	(71,599)	–	–	–
Cost of sales	(34,243)	34,243	–	–	–
Gross profit	37,356	(37,356)	–	–	–
Other revenues and gains	4,334	(4,334)	4,438	–	4,438
Selling and distribution costs	(3,190)	3,190	–	–	–
Administrative expenses	(91,215)	73,548	–	–	(17,667)
Other expenses and losses	(18,428)	6,128	–	(33,653)	(45,953)
Finance costs	(2,498)	1,266	–	–	(1,232)
Loss before tax	(73,641)	42,442	4,438	(33,653)	(60,414)
Tax	–	–	–	–	–
Loss attributable to shareholders	(73,641)	42,442	4,438	(33,653)	(60,414)

Scenario 2: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000.

	Audited consolidated income statement of the Group for the year ended 31 December 2008	**Pro forma adjustments**				**Unaudited pro forma consolidated income statement of the Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	*Note 8*	*Note 10(a)*	
Turnover	71,599	(71,599)	–	–	–	–
Cost of sales	(34,243)	34,243	–	–	–	–
Gross profit	37,356	(37,356)	–	–	–	–
Other revenues and gains	4,334	(4,334)	4,438	–	2,500	6,938
Selling and distribution costs	(3,190)	3,190	–	–	–	–
Administrative expenses	(91,215)	73,548	–	–	–	(17,667)
Other expenses and losses	(18,428)	6,128	–	(33,653)	–	(45,953)
Finance costs	(2,498)	1,266	–	–	–	(1,232)
Loss before tax	(73,641)	42,442	4,438	(33,653)	2,500	(57,914)
Tax	–	–	–	–	–	–
Loss attributable to shareholders	(73,641)	42,442	4,438	(33,653)	2,500	(57,914)

Scenario 3: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise to the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000.

	Audited consolidated income statement of the Group for the year ended 31 December 2008		**Pro forma adjustments**			**Unaudited pro forma consolidated income statement of the Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	*Note 8*	*Note 10(b)*	
Turnover	71,599	(71,599)	–	–	–	–
Cost of sales	(34,243)	34,243	–	–	–	–
Gross profit	37,356	(37,356)	–	–	–	–
Other revenues and gains	4,334	(4,334)	4,438	–	5,000	9,438
Selling and distribution costs	(3,190)	3,190	–	–	–	–
Administrative expenses	(91,215)	73,548	–	–	–	(17,667)
Other expenses and losses	(18,428)	6,128	–	(33,653)	–	(45,953)
Finance costs	(2,498)	1,266	–	–	–	(1,232)
Loss before tax	(73,641)	42,442	4,438	(33,653)	5,000	(55,414)
Tax	–	–	–	–	–	–
Loss attributable to shareholders	(73,641)	42,442	4,438	(33,653)	5,000	(55,414)

Scenario 4: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000.

	Audited consolidated income statement of the Group for the year ended 31 December 2008	Pro forma adjustments				Unaudited pro forma consolidated income statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 6	*Note 7*	*Note 8*	*Note 10(c)*	
Turnover	71,599	(71,599)	–	–	–	–
Cost of sales	(34,243)	34,243	–	–	–	–
Gross profit	37,356	(37,356)	–	–	–	–
Other revenues and gains	4,334	(4,334)	4,438	–	7,500	11,938
Selling and distribution costs	(3,190)	3,190	–	–	–	–
Administrative expenses	(91,215)	73,548	–	–	–	(17,667)
Other expenses and losses	(18,428)	6,128	–	(33,653)	–	(45,953)
Finance costs	(2,498)	1,266	–	–	–	(1,232)
Loss before tax	(73,641)	42,442	4,438	(33,653)	7,500	(52,914)
Tax	–	–	–	–	–	–
Loss attributable to shareholders	(73,641)	42,442	4,438	(33,653)	7,500	(52,914)

III. Unaudited Pro Forma Consolidated Cash Flow Statement

Scenario 1: Assume only the Subscription has been completed on 1 January 2008

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008	Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	
OPERATING ACTIVITIES					
Loss before tax	(73,641)	42,442	4,438	(33,653)	(60,414)
Adjustments for:					
Finance costs	2,498	(1,266)	–	–	1,232
Interest income	(631)	631	–	–	–
Depreciation of property, plant and equipment	4,128	(4,128)	–	–	–
Impairment of available-for-sale investment	1,400	(1,400)	–	–	–
Impairment of inventories	1,114	(1,114)	–	–	–
Impairment of property, plant and equipment	2,966	(2,966)	–	–	–
Impairment of amounts due from jointly controlled entities	3,834	(576)	–	33,653	36,911
Provision for loss on early termination of shop tenancies	7,781	(7,781)	–	–	–
Waiver of other payable	(1,600)	1,600	–	–	–
Gain on deemed disposal of subsidiaries	–	–	(4,438)	–	(4,438)
Loss on disposal of financial assets at fair value through profit or loss	3,746	(3,746)	–	–	–
Loss on disposal of derivative financial instruments	229	(229)	–	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	21	–	–	–
Fair value loss on derivative financial instruments	2,153	(2,153)	–	–	–
Operating cash flow before movements in working capital	(46,044)	19,335	–	–	(26,709)
Decrease in inventories	300	(300)	–	–	–
Decrease in trade receivables	1,401	(1,401)	–	–	–
Decrease in deposits, prepayments, and other receivables	5,519	1,479	–	–	6,998
Decrease in derivative financial instruments	152	(152)	–	–	–
Decrease in trade and bills payables	(970)	970	–	–	–
Decrease in other payables and accruals	(4,029)	1,835	–	–	(2,194)

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008	Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	
Cash used in operations	(43,671)	21,766	–	–	(21,905)
Interest received	631	(631)	–	–	–
Hong Kong profits tax paid	(1,471)	1,471	–	–	–
NET CASH USED IN OPERATING ACTIVITIES	(44,511)	22,606	–	–	(21,905)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	–	(10)	–	–	(10)
Advances to jointly controlled entities	(3,272)	14	(23,410)	–	(26,668)
Purchases of items of property, plant and equipment	(2,359)	2,359	–	–	–
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	(29,362)	–	–	–
Purchase of financial assets at fair value through profit or loss	(32,352)	32,352	–	–	–
Decrease in pledged deposits	5,949	(5,949)	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(2,672)	(596)	(23,410)	–	(26,678)
FINANCING ACTIVITIES					
Interest paid	(1,274)	1,266	–	–	(8)
Proceeds from issue of convertible bonds	48,200	–	–	–	48,200
Proceeds from issue of shares	3,935	–	–	–	3,935
New bank loans raised	4,520	(4,520)	–	–	–
Repayment of bank loans	(7,279)	7,279	–	–	–
Increase in amounts due to jointly controlled entities	350	(350)	–	–	–
Increase in amounts due to the ultimate holding company	–	(23,410)	23,410	–	–
Decrease in trust receipt loans	(3,021)	3,021	–	–	–
Repayment of capital element of finance leases	(396)	396	–	–	–
NET CASH FROM FINANCING ACTIVITIES	45,035	(16,318)	23,410	–	52,127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,148)	5,692	–	–	3,544
Cash and cash equivalents at beginning of year	2,780	(2,779)	–	–	1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	632	2,913	–	–	3,545

Scenario 2: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$5,000,000.

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008	Pro forma adjustments				Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(a)*	
OPERATING ACTIVITIES						
Loss before tax	(73,641)	42,442	4,438	(33,653)	2,500	(57,914)
Adjustments for:						
Finance costs	2,498	(1,266)	–	–	–	1,232
Interest income	(631)	631	–	–	–	–
Depreciation of property, plant and equipment	4,128	(4,128)	–	–	–	–
Impairment of available-for-sale investment	1,400	(1,400)	–	–	–	–
Impairment of inventories	1,114	(1,114)	–	–	–	–
Impairment of property, plant and equipment	2,966	(2,966)	–	–	–	–
Impairment of amounts due from jointly controlled entities	3,834	(576)	–	33,653	–	36,911
Provision for loss on early termination of shop tenancies	7,781	(7,781)	–	–	–	–
Waiver of other payable	(1,600)	1,600	–	–	–	–
Gain on deemed disposal of subsidiaries	–	–	(4,438)	–	(2,500)	(6,938)
Loss on disposal of financial assets at fair value through profit or loss	3,746	(3,746)	–	–	–	–
Loss on disposal of derivative financial instruments	229	(229)	–	–	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	21	–	–	–	–
Fair value loss on derivative financial instruments	2,153	(2,153)	–	–	–	–
Operating cash flow before movements in working capital	(46,044)	19,335	–	–	–	(26,709)
Decrease in inventories	300	(300)	–	–	–	–
Decrease in trade receivables	1,401	(1,401)	–	–	–	–
Decrease in deposits, prepayments, and other receivables	5,519	1,479	–	–	–	6,998
Decrease in derivative financial instruments	152	(152)	–	–	–	–
Decrease in trade and bills payables	(970)	970	–	–	–	–
Decrease in other payables and accruals	(4,029)	1,835	–	–	–	(2,194)
Cash used in operations	(43,671)	21,766	–	–	–	(21,905)
Interest received	631	(631)	–	–	–	–
Hong Kong profits tax paid	(1,471)	1,471	–	–	–	–

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008	Pro forma adjustments				Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(a)*	
NET CASH USED IN OPERATING ACTIVITIES	(44,511)	22,606	–	–	–	(21,905)
INVESTING ACTIVITIES						
Acquisition of subsidiaries	–	(10)	–	–	–	(10)
Advances to jointly controlled entities	(3,272)	14	(23,410)	–	–	(26,668)
Purchases of items of property, plant and equipment	(2,359)	2,359	–	–	–	–
Proceeds on disposal of jointly controlled entities	–	–	–	–	2,500	2,500
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	(29,362)	–	–	–	–
Purchase of financial assets at fair value through profit or loss	(32,352)	32,352	–	–	–	–
Decrease in pledged deposits	5,949	(5,949)	–	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(2,672)	(596)	(23,410)	–	2,500	(24,178)
FINANCING ACTIVITIES						
Interest paid	(1,274)	1,266	–	–	–	(8)
Proceeds from issue of convertible bonds	48,200	–	–	–	–	48,200
Proceeds from issue of shares	3,935	–	–	–	–	3,935
New bank loans raised	4,520	(4,520)	–	–	–	–
Repayment of bank loans	(7,279)	7,279	–	–	–	–
Increase in amounts due to jointly controlled entities	350	(350)	–	–	–	–
Increase in amounts due to the ultimate holding company	–	(23,410)	23,410	–	–	–
Decrease in trust receipt loans	(3,021)	3,021	–	–	–	–
Repayment of capital element of finance leases	(396)	396	–	–	–	–
NET CASH FROM FINANCING ACTIVITIES	45,035	(16,318)	23,410	–	–	52,127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,148)	5,692	–	–	2,500	6,044
Cash and cash equivalents at beginning of year	2,780	(2,779)	–	–	–	1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	632	2,913	–	–	2,500	6,045

Scenario 3: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$10,000,000.

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008		Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(b)*	
OPERATING ACTIVITIES						
Loss before tax	(73,641)	42,442	4,438	(33,653)	5,000	(55,414)
Adjustments for:						
Finance costs	2,498	(1,266)	–	–	–	1,232
Interest income	(631)	631	–	–	–	–
Depreciation of property, plant and equipment	4,128	(4,128)	–	–	–	–
Impairment of available-for-sale investment	1,400	(1,400)	–	–	–	–
Impairment of inventories	1,114	(1,114)	–	–	–	–
Impairment of property, plant and equipment	2,966	(2,966)	–	–	–	–
Impairment of amounts due from jointly controlled entities	3,834	(576)	–	33,653	–	36,911
Provision for loss on early termination of shop tenancies	7,781	(7,781)	–	–	–	–
Waiver of other payable	(1,600)	1,600	–	–	–	–
Gain on deemed disposal of subsidiaries	–	–	(4,438)	–	(5,000)	(9,438)
Loss on disposal of financial assets at fair value through profit or loss	3,746	(3,746)	–	–	–	–
Loss on disposal of derivative financial instruments	229	(229)	–	–	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	21	–	–	–	–
Fair value loss on derivative financial instruments	2,153	(2,153)	–	–	–	–
Operating cash flow before movements in working capital	(46,044)	19,335	–	–	–	(26,709)
Decrease in inventories	300	(300)	–	–	–	–
Decrease in trade receivables	1,401	(1,401)	–	–	–	–
Decrease in deposits, prepayments, and other receivables	5,519	1,479	–	–	–	6,998
Decrease in derivative financial instruments	152	(152)	–	–	–	–
Decrease in trade and bills payables	(970)	970	–	–	–	–
Decrease in other payables and accruals	(4,029)	1,835	–	–	–	(2,194)
Cash used in operations	(43,671)	21,766	–	–	–	(21,905)
Interest received	631	(631)	–	–	–	–
Hong Kong profits tax paid	(1,471)	1,471	–	–	–	–

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008		Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(b)*	
NET CASH USED IN OPERATING ACTIVITIES	(44,511)	22,606	–	–	–	(21,905)
INVESTING ACTIVITIES						
Acquisition of subsidiaries	–	(10)	–	–	–	(10)
Advances to jointly controlled entities	(3,272)	14	(23,410)	–	–	(26,668)
Purchases of items of property, plant and equipment	(2,359)	2,359	–	–	–	–
Proceeds on disposal of jointly controlled entities	–	–	–	–	5,000	5,000
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	(29,362)	–	–	–	–
Purchase of financial assets at fair value through profit or loss	(32,352)	32,352	–	–	–	–
Decrease in pledged deposits	5,949	(5,949)	–	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(2,672)	(596)	(23,410)	–	5,000	(21,678)
FINANCING ACTIVITIES						
Interest paid	(1,274)	1,266	–	–	–	(8)
Proceeds from issue of convertible bonds	48,200	–	–	–	–	48,200
Proceeds from issue of shares	3,935	–	–	–	–	3,935
New bank loans raised	4,520	(4,520)	–	–	–	–
Repayment of bank loans	(7,279)	7,279	–	–	–	–
Increase in amounts due to jointly controlled entities	350	(350)	–	–	–	–
Increase in amounts due to the ultimate holding company	–	(23,410)	23,410	–	–	–
Decrease in trust receipt loans	(3,021)	3,021	–	–	–	–
Repayment of capital element of finance leases	(396)	396	–	–	–	–
NET CASH FROM FINANCING ACTIVITIES	45,035	(16,318)	23,410	–	–	52,127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,148)	5,692	–	–	5,000	8,544
Cash and cash equivalents at beginning of year	2,780	(2,779)	–	–	–	1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	632	2,913	–	–	5,000	8,545

Scenario 4: Assume the following events occurred on 1 January 2008:

(i) the Subscription and the exercise of the Chung Chiu Call Option have been completed on the same date;

(ii) Chung Chiu exercise the Chung Chiu Call Option to acquire 100% of the Company's equity interest in Amazing Goal; and

(iii) the valuation of 100% equity interest of Amazing Goal is HK$15,000,000.

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008		Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(c)*	
OPERATING ACTIVITIES						
Loss before tax	(73,641)	42,442	4,438	(33,653)	7,500	(52,914)
Adjustments for:						
Finance costs	2,498	(1,266)	–	–	–	1,232
Interest income	(631)	631	–	–	–	–
Depreciation of property, plant and equipment	4,128	(4,128)	–	–	–	–
Impairment of available-for-sale investment	1,400	(1,400)	–	–	–	–
Impairment of inventories	1,114	(1,114)	–	–	–	–
Impairment of property, plant and equipment	2,966	(2,966)	–	–	–	–
Impairment of amounts due from jointly controlled entities	3,834	(576)	–	33,653	–	36,911
Provision for loss on early termination of shop tenancies	7,781	(7,781)	–	–	–	–
Waiver of other payable	(1,600)	1,600	–	–	–	–
Gain on deemed disposal of subsidiaries	–	–	(4,438)	–	(7,500)	(11,938)
Loss on disposal of financial assets at fair value through profit or loss	3,746	(3,746)	–	–	–	–
Loss on disposal of derivative financial instruments	229	(229)	–	–	–	–
Fair value gain on financial assets at fair value through profit or loss	(21)	21	–	–	–	–
Fair value loss on derivative financial instruments	2,153	(2,153)	–	–	–	–
Operating cash flow before movements in working capital	(46,044)	19,335	–	–	–	(26,709)
Decrease in inventories	300	(300)	–	–	–	–
Decrease in trade receivables	1,401	(1,401)	–	–	–	–
Decrease in deposits, prepayments, and other receivables	5,519	1,479	–	–	–	6,998
Decrease in derivative financial instruments	152	(152)	–	–	–	–
Decrease in trade and bills payables	(970)	970	–	–	–	–
Decrease in other payables and accruals	(4,029)	1,835	–	–	–	(2,194)
Cash used in operations	(43,671)	21,766	–	–	–	(21,905)
Interest received	631	(631)	–	–	–	–
Hong Kong profits tax paid	(1,471)	1,471	–	–	–	–

	Audited consolidated cash flow statement of the Group for the year ended 31 December 2008		Pro forma adjustments			Unaudited pro forma consolidated cash flow statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 11	*Note 12*	*Note 8*	*Note 13(c)*	
NET CASH USED IN OPERATING ACTIVITIES	(44,511)	22,606	–	–	–	(21,905)
INVESTING ACTIVITIES						
Acquisition of subsidiaries	–	(10)	–	–	–	(10)
Advances to jointly controlled entities	(3,272)	14	(23,410)	–	–	(26,668)
Purchases of items of property, plant and equipment	(2,359)	2,359	–	–	–	–
Proceeds on disposal of jointly controlled entities	–	–	–	–	7,500	7,500
Proceeds on disposals of financial assets at fair value through profit or loss	29,362	(29,362)	–	–	–	–
Purchase of financial assets at fair value through profit or loss	(32,352)	32,352	–	–	–	–
Decrease in pledged deposits	5,949	(5,949)	–	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(2,672)	(596)	(23,410)	–	7,500	(19,178)
FINANCING ACTIVITIES						
Interest paid	(1,274)	1,266	–	–	–	(8)
Proceeds from issue of convertible bonds	48,200	–	–	–	–	48,200
Proceeds from issue of shares	3,935	–	–	–	–	3,935
New bank loans raised	4,520	(4,520)	–	–	–	–
Repayment of bank loans	(7,279)	7,279	–	–	–	–
Increase in amounts due to jointly controlled entities	350	(350)	–	–	–	–
Increase in amounts due to the ultimate holding company	–	(23,410)	23,410	–	–	–
Decrease in trust receipt loans	(3,021)	3,021	–	–	–	–
Repayment of capital element of finance leases	(396)	396	–	–	–	–
NET CASH FROM FINANCING ACTIVITIES	45,035	(16,318)	23,410	–	–	52,127
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,148)	5,692	–	–	7,500	11,044
Cash and cash equivalents at beginning of year	2,780	(2,779)	–	–	–	1
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	632	2,913	–	–	7,500	11,045

IV. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. On 19 January 2009, the Company and Amazing Goal entered into sale and purchase agreements (the "Agreements"). Pursuant to the Agreements, the Company agreed to sale and Amazing Goal agree to acquire the entire issued share capital of Better Point Limited, GL Retailing (Hong Kong) Limited, Golife (Management) Limited, Peak Choice Limited, Profit First Investments Limited and Sunfame Limited. The total consideration for the sale and purchase was US$6.00 and was satisfied by the allotment and issue of six consideration shares by Amazing Goal to the Company (the "Restructuring").

   The adjustments reflect the de-consolidation of the assets and liabilities of the Amazing Goal Group upon completion of the Restructuring assuming that the Subscription had taken place on 31 December 2008.

2. The adjustments reflect the estimated gain on deemed disposal of subsidiaries assuming that the Subscription had taken place on 31 December 2008. The estimated gain on deemed disposal of subsidiaries of approximately HK$46,870,000 represents the net liabilities of the Amazing Goal Group as at 31 December 2008 as set out in Section C of Appendix I of this circular.

3. The adjustments reflect the reclassification of accounts due to the Company by the Amazing Goal Group assuming that the Subscription had taken place on 31 December 2008.

4. The adjustments reflect the accumulated impairment provision of approximately HK$33,653,000 made against the amount due from the Amazing Goal Group by the Company as at 31 December 2008 as set out in note 20 of Appendix I of this circular which has been eliminated upon the Company's consolidation and therefore not included in the consolidated balance sheet of the Group as at 31 December 2008.

5. (a) The adjustments reflect (i) the cash consideration of HK$2,500,000 arising from the disposal of 100% of the Company's equity interests in Amazing Goal (the "Disposal") based on the valuation of Amazing Goal to be HK$5,000,000; (ii) the gain of HK$2,500,000 resulting from the Disposal, which is derived from the cash consideration of HK$2,500,000 less the amount of interests in Amazing Goal to be disposal as at 31 December 2008 of HK$Nil, assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 31 December 2008.

   (b) The adjustments reflect (i) the cash consideration of HK$5,000,000 arising from the Disposal based on the valuation of Amazing Goal to be HK$10,000,000; (ii) the gain of HK$5,000,000 resulting from the Disposal, which is derived from the cash consideration of HK$5,000,000 less the amount of interests in Amazing Goal to be disposal as at 31 December 2008 of HK$Nil, assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 31 December 2008.

   (c) The adjustments reflect (i) the cash consideration of HK$7,500,000 arising from the Disposal based on the valuation of Amazing Goal to be HK$15,000,000; (ii) the gain of HK$7,500,000 resulting from the Disposal, which is derived from the cash consideration of HK$7,500,000 less the amount of interests in Amazing Goal to be disposal as at 31 December 2008 of HK$Nil, assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 31 December 2008.

6. The adjustments reflect the exclusion of the operating results of the Amazing Goal Group upon completion of the Restructuring assuming that the Subscription had taken place on 1 January 2008.

7. The adjustments reflect the estimated gain on deemed disposal of subsidiaries assuming that the Subscription had taken place on 1 January 2008. The estimated gain on deemed disposal of subsidiaries of approximately HK$4,438,000 represents the net liabilities of the Amazing Goal Group as at 1 January 2008 as set out in Section C of Appendix I of this circular.

8. The adjustments reflect the accumulated impairment provision of approximately HK$33,653,000 made against the amount due from the Amazing Goal Group by the Company as at 31 December 2008 as set out in note 20 of Appendix I of this circular which has been eliminated upon the Company's consolidation.

9. The share of losses of the Amazing Goal Group for the year ended 31 December 2008 should be limited to the investment costs in Amazing Goal amounting to US$50.00 which is equivalent to HK$390 under the equity method of accounting when the Company has no intention to inject capital into Amazing Goal Group assuming that the Subscription had taken place on 1 January 2008. Since the amount is immaterial, no adjustment is made in the unaudited pro forma consolidated income statement.

10. (a) The adjustments reflect the gain of HK$2,500,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$5,000,000, which is derived from the cash consideration of HK$2,500,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

    (b) The adjustments reflect the gain of HK$5,000,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$10,000,000, which is derived from the cash consideration of HK$5,000,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

    (c) The adjustments reflect the gain of HK$7,500,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$15,000,000, which is derived from the cash consideration of HK$7,500,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

11. The adjustments reflect the exclusion of the cash flows effect of the Amazing Goal Group upon completion of the Restructuring assuming that the Subscription had taken place on 1 January 2008.

12. The adjustments reflect the estimated gain on deemed disposal of subsidiaries and the reclassification of amounts due to the Company by the Amazing Goal Group, assuming that the Subscription had taken place on 1 January 2008.

13. (a) The adjustments reflect (i) the estimated gain of HK$2,500,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$5,000,000, which is derived from the cash consideration of HK$2,500,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil; (ii) the cash consideration of HK$2,500,000 to be received from the Disposal, assuming that Chung Chiu Call Option had been excerised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

(b) The adjustments reflect (i) the estimated gain of HK$5,000,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$10,000,000, which is derived from the cash consideration of HK$5,000,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil; (ii) the cash consideration of HK$5,000,000 to be received from the Disposal, assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

(c) The adjustments reflect (i) the estimated gain of HK$7,500,000 resulting from the Disposal based on the valuation of Amazing Goal to be HK$15,000,000, which is derived from the cash consideration of HK$7,500,000 less the amount of interests in Amazing Goal to be disposal as at 1 January 2008 of HK$Nil; (ii) the cash consideration of HK$7,500,000 to be received from the Disposal, assuming that Chung Chiu Call Option had been exercised by Chung Chiu to acquire 100% of the Company's equity interests in Amazing Goal on 1 January 2008.

14. The value of the Golife Call Option and the Chung Chiu Call Option is estimated as minimal by the directors of the Company. Therefore, no adjustment is made for the recognition of the Golife Call Option and Chung Chiu Call Option in the Unaudited Pro Forma Financial Information.

15. The above pro forma adjustments would not have continuing effect on the consolidated income statements or cash flow statements of the Remaining Group.

16. The Group's interests in jointly controlled entities are stated in the Pro Forma Financial Information and the Unadjusted Financial Information at the Group's share of net assets/liabilities under the equity method of accounting, less any impairment losses. On 1 January 2009, the Group has changed its accounting policy on interests in jointly controlled entities from equity method of accounting to proportionate consolidation. The consolidated financial statements of the Group for the year ending 31 December 2009 will adopt proportionate consolidation to account for interests in jointly controlled entities.

1. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 March 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group had total outstanding borrowings of approximately HK$72,664,000, comprising (i) secured interest bearing bank borrowings of HK$5,049,000; (ii) finance lease obligations of HK$615,000; and (iii) unsecured convertible bonds of approximately HK$67,000,000 of which HK$7,000,000 bear no interest and will be due for repayment by August 2011 and HK$60,000,000 bear no interest and will be due for repayment by January 2019. The bank borrowings are secured by personal guarantees provided by directors of a subsidiary of the Group and corporate guarantees provided by the Company and the subsidiaries of the Group.

Upon the completion of acquisition of Shinhan-Golden Faith International Development Limited, World East Investments Limited and their subsidiaries (collectively referred to as the "Target Group") on 8 April 2009, the Group's borrowings has been increased by the followings:

(i) as a partial of consideration of the acquisition, unsecured promissory note of HK$100,000,000 bear no interest and will be due for repayment by April 2014;

(ii) as a partial of consideration of the acquisition, unsecured convertible bond of HK$100,000,000 bear no interest and will be due for repayment by April 2009; and

(iii) the Target Group's total outstanding borrowings of approximately HK$677,426,000 as at 31 March 2009, comprising of secured bank borrowings of HK$301,891,000 and unsecured amount due to Riche (BVI) Limited of approximately HK$375,535,000. The bank borrowings are secured by certain of the investment properties of the Target Group, bank deposits of approximately HK$26,669,000 and corporate guarantee provided by the Company.

Commitments

(i) Operating leases commitments

As at 31 March 2009, the Group had operating lease commitments of approximately HK$9,966,000.

(ii) Purchase commitments

As at 31 March 2009, the Group had purchase commitments of approximately HK$16,125,000.

(iii) Renovation commitments

Upon the completion of acquisition of the Target Group, the Group had renovation commitments in respect of the renovation works of investment properties of approximately HK$16,495,000;

Debt securities

As at the close of business on 31 March 2009, the Group had no debt securities.

Contingent liabilities

As at 31 March 2009, the Group had the following contingent liabilities:

GL Retailing (Hong Kong) Limited ("GLHK"), a directly wholly-owned subsidiary of the Company, was a defendant in a pending litigation and dispute arising from early termination of license agreements for a brand name product raised by GLHK. The licensor claims, through the French Court, directly against GLHK only, but none of the directors or the Company, for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in the sum of EUR6,374,745 (equivalent to approximately HK$65,749,000). The directors consider that the claim is enormously overstated for the reasons that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the directors do not agree that the licensor has incurred any loss on its image. The Company is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The directors consider that the claim is too remote and will be limited to a small fraction of the sum being claimed. No provision has been made in the financial statement.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the close of business 31 March 2009, 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.

2. WORKING CAPITAL

As at the Latest Practicable Date, after taking into account the estimated net proceeds of the Placing and Open Offer (details of which have been announced on 23 April 2009), the available credit facilities and the present internal resources of the Group, the Directors are of opinion that the Group has sufficient working capital for its normal business for the next twelve months from the date of this circular.

3. 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 2008 (being the date to which the latest published audited financial statements of the Company were made up).

The following information is the management discussion and analysis of the Remaining Group for each of the year ended 31 December 2008 and 31 December 2007 and for the period ended 31 December 2006.

FOR THE YEAR ENDED 31 DECEMBER 2008

(a) Financial Review

For the year ended 31 December 2008, the Remaining Group was principally engaged in investment in jointly controlled entity of Amazing Goal Group. The Remaining Group recorded a loss of approximately HK$26.8 million, after the pro forma adjustment of the gain on deemed disposal of the Amazing Goal Group of approximately HK$46.9 million, for the year ended 31 December 2008. Within the total losses, HK$22.4 million was attributed by the break-up fee of the termination of the acquisition of Financière Solola in April 2008 and certain related financing exercises. Excluding the one-time losses that were attributed from the termination of this acquisition, the Remaining Group's net loss attributable to shareholders was HK$4.4 million.

Save as the Acquisition as detailed in the Company's circular dated 23 January 2009 and the proposed disposal of subsidiaries as contained in this Circular, no material acquisition or disposal of subsidiary or affiliated company had been carried out by the Remaining Group during the year ended 31 December 2008.

No material acquisitions and disposals of subsidiaries and affiliated companies by the Remaining Group during the year.

(b) Financial Resources and Liquidity

Cash and bank balances of the Remaining Group amounted to approximately HK$3.5 million at 31 December 2008 representing approximately 43.5% of the current assets of the Remaining Group. At 31 December 2008, Convertibles bonds with principal amount of approximately HK$45.2 million were issued by the Remaining Group of which HK$3.2 million bear 2% interest per annum and will be due for repayment by June 2009; HK$7.0 million bear 2% interest per annum and will be due for repayment by July 2011 and HK$35.0 million bear no interest and will be due for repayment by August 2011.

Subsequent to 31 December 2008, the Remaining Group raised approximately HK$6.6 million before expenses, by way of open offer of 131,570,645 offer shares at a price of HK$0.05 per offer share on the basis of two offer shares for every five existing shares. The net proceeds of approximately HK$5.7 million was utilised for the Acquisition.

On 29 January 2009, the Remaining Group issued convertible bonds with principal amount of HK$60.0 million to China Star Entertainment Limited, of which its issued share are listed on the Main Board of the Stock Exchange, for a term of 10 years with zero coupon rate. The proceeds raised from the issuance of such bonds will be utilised as general working capital and/or repayment its borrowings as and when need.

On 23 April 2009, the Remaining Group entered into an agreement with a placing agent, whereby the Remaining Group has conditionally agreed to place through a placing agent, an aggregate of 11,560,000 placing shares on a fully underwritten basis to independent investors at a price of HK$0.205 per placing share. The net proceeds of HK$2.31 million from the placing are intended to be used for general working capital of the Remaining Group. The placing was completed on 14 May 2009.

On 23 April 2009, the Remaining Group proposed to raise approximately not less than HK$46.3 million and not more than HK$55.6 million before expenses, by way of open offer of not less than 462,551,352 offer shares and not more than 555,506,552 offer shares at a price of HK$0.10 per Share on the basis of eight offer shares for every one share held on the record date and payable in full on application. The open offer is fully underwritten in the manner that the Remaining Group entered into an agreement with an underwriter, whereby the underwriter has conditionally agreed to underwrite the offer shares which have not been taken up. The estimated net proceeds from the open offer will not be less than approximately HK$45.3 million. The Board intends to apply the proceeds from the open offer to reduce the Remaining Group's borrowings as and when needed, finance any future possible investment and/or for general working capital of the Remaining Group.

On 28 April 2009, the Remaining Group issued convertible bonds with principal amount of HK$100.0 million to Brilliant Arts Multi-Media Holding Limited, of which its issued share are listed on the GEM Board of the Stock Exchange, for a term of 10 years with zero coupon rate. The proceeds raised from the issuance of such bonds will be utilised as general working capital and/or repayment its borrowings as and when need.

With the funding from the proceeds of the open offer and the issue of convertible bonds, the Remaining Group was able to pursuit new investment opportunities. Meanwhile, following the disposal of the loss-making subsidiaries, the overheads of the Remaining Group is expected to be reduced drastically. As a consequence of the above measures taken and to be taken, the Remaining Group considers the over liquidity can be improved.

At 31 December 2008, the gearing ratio, expressed as percentage of total liabilities over total assets was approximately 456.5%.

At 31 December 2008, the majority of the Remaining Group's transactions, assets and liabilities were denominated in Hong Kong Dollars. As the risk on fluctuation in exchange rates was considered to be minimal, the Remaining Group did not enter into any foreign exchange contracts for hedging purpose.

At 31 December 2008, a subsidiary of the Amazing Goal Group, GL Retailing (Hong Kong) Limited ("GLHK"), was a defendant in a pending litigation and dispute arising from early termination of license agreements for a brand name product raised by GLHK. The licensor claims through the French Court, directly against GLHK only, but none of the Directors of the Remaining Group, for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in the sum of EUR6,374,745 (equivalent to approximately HK$65,749,000). The Directors of the Remaining Group consider that the claim is enormously overstated for the reason that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the Directors do not agree that the licensor has incurred any loss on its image. The Directors of the Remaining Group is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The Directors of the Remaining Group consider that the claim is too remote and will be limited to a small fraction of the sum being claimed. No provision has been made in the financial statements of the Remaining Group.

(c) Employees and Remuneration Policies

At 31 December 2008, the Remaining Group employed a total of 3 employees, including the executive Directors. The Remaining Group remunerated its employees in accordance with their work performance and experience. The Directors had their discretions in granting share options and bonuses to the Remaining Group's employees depending upon the work performance of particular employee and the financial performance of the Remaining Group. For the year ended 31 December 2008, total staff costs of the Remaining Group, including Directors' emoluments amounted to approximately HK$7.2 million.

(d) Financial and Trading Prospect

Before the Completion, the Group is principally engaged in the distribution of high-end apparels, jewellery and accessories and property investment. The principal business activities of the Remaining Group after the Completion will be property investment, a business segment which is considered to be less affected by the expected persistent economic downturn and expected to provide a stable source of revenue. The Directors will continue to review the Remaining Group's long term strategies, the implications of fundings, management and other resources in order to achieve better returns for the Shareholders.

The Directors believe that the Subscription Agreement is appropriate and will allow the Remaining Group's additional working capital for implementing its long term strategy to progressively identifying new business opportunities to form solid foundation for strengthening the Remaining Group's further operating profits and as a results, enhancing the earning base and investment value of the Remaining Group. In additions, the Company will continue put efforts on the aspects of operational improvement and cost-effectiveness enhancement in order to achieve higher returns to the Shareholders.

FOR THE YEAR ENDED 31 DECEMBER 2007

(a) Financial Review

For the year ended 31 December 2007, the Remaining Group was principally engaged in investment in investment in jointly controlled entity of Amazing Goal Group. The Remaining Group recorded a loss of approximately HK$89.2 million, Within the total losses, HK$85.7 million was attributed by the impairment of amount due from and investment in a subsidiary of a jointly controlled entity. Excluding the one-time losses that were attributed by the impairment of HK$85.7 million, the Remaining Group's net loss attributable to shareholders was HK$3.5 million.

No material acquisitions and disposals of subsidiaries and affiliated companies by the Remaining Group during the year.

(b) Financial Resources and Liquidity

Cash and bank balances of the Remaining Group amounted to approximately HK$1,000 at 31 December 2007. The net current assets of the Remaining Group was approximately HK$11.7 million at 31 December 2007.

Subsequent to the year ended 31 December 2007, on 30 May 2008, a subscription agreement was entered into between the Remaining Group and Far East Holdings International Limited. Pursuant to the subscription agreement, Far East Holdings International Limited agreed to subscribe for the convertible bonds in the principal amount of HK$7.0 million for a term of three years with a coupon rate of 2% per annum. All of the net proceeds were applied for general working capital purposes of the Remaining Group.

On 30 May 2008, a subscription agreement was entered into between the Remaining Group and JL Investments Capital Limited. Pursuant to the subscription agreement, JL Investments Capital Limited agreed to subscribe for the convertible bonds in the principal amount of HK$6.2 million for a term of one year with a coupon rate of 2% per annum. All of the net proceeds were applied for general working capital purposes of the Remaining Group.

On 9 July 2008, a subscription agreement was entered into between the Remaining Group and Goldig Properties Limited. Pursuant to the subscription agreement, Goldig Properties Limited agreed to subscribe for the convertible bonds in the principal amount of HK$35.0 million for a term of three years with zero coupon rate. HK$14.3 million were applied for loan repayment and the remaining net proceeds were applied for general working capital purposes of the Remaining Group.

On 19 November 2008, a placing agreement was entered into between the Remaining Group and a placing agent. Pursuant to the placing agreement, 53,000,000 shares were issued at a placing price of HK$0.075 per share. All of the net proceeds were used to finance the Acquisition.

With the funding from the proceeds of the open offer and the placing, the Remaining Group was able to pursuit new investment opportunities. As a consequence of the above measures to be taken, the Remaining Group considers the over liquidity can be improved.

At 31 December 2007, the gearing ratio, expressed as percentage of total liabilities over total assets was approximately 42.8%.

At 31 December 2007, the majority of the Remaining Group's transactions, assets and liabilities were denominated in Hong Kong Dollars. As the risk on fluctuation in exchange rates was considered to be minimal, the Remaining Group did not enter into any foreign exchange contracts for hedging purpose.

(c) Employees and Remuneration Policies

At 31 December 2007, the Remaining Group employed a total of 3 employees, including the executive Directors. The Remaining Group remunerated its employees in accordance with their work performance and experience. The Directors had their discretions in granting share options and bonuses to the Remaining Group's employees depending upon the work performance of particular employee and the financial performance of the Remaining Group. For the year ended 31 December 2007, total staff costs of the Remaining Group, including Directors' emoluments amounted to approximately HK$472,000.

(d) Financial and Trading Prospect

Before the Completion, the Group is principally engaged in the distribution of high-end apparels, jewellery and accessories. The principal business activities of the Group after the Completion will be property investment, a business segment which is considered to be less affected by the expected persistent economic downturn and expected to provide a stable source of revenue and investment in jointly controlled entity of Amazing Goal Group. The Directors believe that the Subscription Agreement is appropriate and will allow the Remaining Group's additional working capital for implementing its long term strategy to progressively identifying new business opportunities to form solid foundation for strengthening the Remaining Group's further operating profits and as a results, enhancing the earning base and investment value of the Remaining Group. In additions, the Company will continue put efforts on the aspects of operational improvement and cost-effectiveness enhancement in order to achieve higher returns to the Shareholders.

FOR THE PERIOD ENDED 31 DECEMBER 2006

(a) Financial Review

For the period ended 31 December 2006, the Remaining Group was principally engaged in investment in jointly controlled entity of Amazing Goal Group. The Remaining Group recorded a loss of approximately HK$7.5 million, Within the total losses, HK$4.6 million was attributed by the impairment of amount due from several subsidiaries of a jointly controlled entity. Excluding the one-time losses that were attributed by the impairment of HK$4.6 million, the Remaining Group's net loss attributable to shareholders was HK$2.9 million.

During the year, the Remaining Group acquired 100% interest in Golife (Hong Kong) Limited (formerly Hip Kin Retailing Limited), which holds the Greater China distribution rights of luxury fashion brands Anya Hindmarch and Paule Ka, at HK$81 million paid by cash and convertible notes of the Company.

Save for the above, no material acquisitions and disposals of subsidiaries and affiliated companies by the Remaining Group during the year.

(b) Financial Resources and Liquidity

Cash and bank balances of the Remaining Group amounted to approximately HK$1,000 at 31 December 2006. The net assets of the Remaining Group was approximately HK$28.4 million at 31 December 2006.

As detailed in the Company's circular dated 3 July 2006, net proceeds of HK$23.7 million was raised by way of open offer. HK$20.3 million was applied for investment and marketing purposes and the remaining net proceeds was applied for general working capital purpose of the Remaining Group.

Subsequent to the period ended 31 December 2006, as detailed in the Company's announcement dated 5 June 2007, net proceeds of approximately HK$24.3 million was raised by way of placing. HK$19.4 million was applied for investment purpose and the remaining net proceeds was applied for general working capital purpose of the Remaining Group.

With the funding from the proceeds of the open offer and placing, the Remaining Group is able to pursuit new investment opportunities. As a consequence of the above measures taken and to be taken, the Remaining Group considers the over liquidity can be improved.

At 31 December 2006, the gearing ratio, expressed as percentage of total liabilities over total assets was approximately 65.0%.

At 31 December 2006, the majority of the Remaining Group's transactions, assets and liabilities were denominated in Hong Kong Dollars. As the risk on fluctuation in exchange rates was considered to be minimal, the Remaining Group did not enter into any foreign exchange contracts for hedging purpose.

(c) Employees and Remuneration Policies

At 31 December 2006, the Remaining Group employed a total of 3 employees, including the executive Directors. The Remaining Group remunerated its employees in accordance with their work performance and experience. The Directors had their discretions in granting share options and bonuses to the Remaining Group's employees depending upon the work performance of particular employee and the financial performance of the Remaining Group. For the year ended 31 December 2006, total staff costs of the Remaining Group, including Directors' emoluments amounted to approximately HK$472,000.

(c) Financial and Trading Prospect

Before the Completion, the Group is principally engaged in the distribution of high-end apparels, jewellery and accessories and provide, design development and sales of location-based technology devices and application. The principal business activities of the Remaining Group after the Completion will be property investment, a business segment which is considered to be less affected by the expected persistent economic downturn and expected to provide a stable source of revenue. The Directors believe that the Subscription Agreement is appropriate and will allow the Remaining Group's additional working capital for implementing its long term strategy to progressively identifying new business opportunities to form solid foundation for strengthening the Remaining Group's further operating profits and as a results, enhancing the earning base and investment value of the Remaining Group. In additions, the Company will continue put efforts on the aspects of operational improvement and cost-effectiveness enhancement in order to achieve higher returns to the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and

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

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, none of the Directors, or chief executive of the Company had any interests or short position 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 Division 7 and 8 of 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.

2. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors and the chief executive of the Company, the following person had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV 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 option in respect of such capital:

Long position

Name	*Notes*	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Share	Percentage of the issued capital of the Company
Riche (BVI) Limited	*1*	Beneficial owner	11,769,194	818,257,318	830,026,512	999.99%
China Star Investment Holdings Limited	*1*	Interest of controlled corporation	11,769,194	818,257,318	830,026,512	999.99%
Brilliant Arts Multi-Media Holdings Limited	*2*	Beneficial owner	–	203,665,987	203,665,987	345.91%
China Star Entertainment Limited	*3*	Beneficial owner	–	122,199,592	122,199,592	207.54%
Kingston Securities Limited	*4*	Other	9,695,567	461,353,000	471,048,567	77.22%
Ms. Ma Siu Fong	*4*	Interest of controlled corporation	9,695,567	461,353,000	471,048,567	77.22%
Ms. Chu Yuet Wah	*5*	Beneficial owner and Interest of controlled corporation	11,029,027	461,353,000	472,382,027	77.43%

Notes:

1. Riche (BVI) Limited is the beneficial owner of 11,769,194 Shares and is deemed to be interested in 724,103,766 Shares pursuant to the conditional sale and purchase agreement dated 26 November 2008 entered into between Riche (BVI) Limited and the Group, details of which was announced by the Company on 8 December 2008. Adding the 94,153,552 offer shares under the undertaken by Riche (BVI) Limited in relation to the open offer as announced by the Company dated 23 April 2009, Riche (BVI) Limited is deemed to be interested in 830,026,512 Shares. As Riche (BVI) Limited 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 830,026,512 Shares.

2. Brilliant Arts Multi-Media Holdings Limited is deemed to be interested in 203,665,987 Shares pursuant to the conditional subscription agreement dated 26 November 2008 entered into between Brilliant Arts Multi-Media Holdings Limited and the Company, details of which was announced by the Company on 8 December 2008 such subscription was completed on 28 April 2009.

3. China Star Entertainment Limited is deemed to be interested in 122,199,592 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 completed on 29 January 2009.

4. Pursuant to the open offer announced by the Company dated 23 April 2009 (the "Open Offer") not more than 555,506,552 offer Shares at a price of HK$0.1 per Share on the basis of eight Shares for every one existing Shares was proposed by the Company. Pursuant to the terms of the underwriting agreement relating to the open Offer dated 23 April 2009 entered into between Kingston Securities Limited and the Company, Kingston Securities Limited agreed to underwrite for not more than 461,353,000 offer Shares. Adding the 9,695,567 Shares owned by Kingston Securities Limited, Kingston Securities Limited is deemed to be interested in an aggregate of 471,048,567 Shares. Ms. Chu Yuet Wah and Ms. Ma Siu Fong own 51% and 49% interest in Kingston Securities Limited respectively.

5. Ms. Chu Yuet Wah is the beneficial owner of 21,000 Shares. 1,312,460 Shares are held by Best China Limited which is wholly and beneficially owned by Ms. Chu Yuet Wah. Adding the 471,048,567 Shares that she is deemed to be interested through Kingston Securities Limited as stated in note 4 above, Ms. Chu Yuet Wah is deemed to be interested in 483,942,027 Shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) or any director or proposed director is a director or employee of a company who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, 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 a general meeting of any other member of the Group.

4. 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).

5. COMPETING INTERESTS

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

6. LITIGATION

Contingent liabilities

As at the Latest Practicable Date, the Group had the following litigation outstanding:

GL Retailing (Hong Kong) Limited ("GLHK"), a directly wholly-owned subsidiary of the Company, was a defendant in a pending litigation and dispute arising from early termination of license agreements for a brand name product raised by GLHK. The licensor claims, through the French Court, directly against GLHK only, but none of the directors or the Company, for (i) the outstanding purchase commitments under the license agreements, (ii) image compensation suffered by the Licensor and (iii) penalty in relation to the pending litigation. The directors consider that the claim is enormously overstated for the reasons that (i) it is unreasonable for the licensor to claim the total future purchase commitments which represent future commitments instead of any loss incurred by the licensor, and (ii) the directors do not agree that the licensor has incurred any loss on its image. The Company is now seeking legal advice on the litigation and an estimate of the final result of the litigation cannot be made. The directors consider that the claim is too remote and will be limited to a small fraction of the sum being claimed. No provision has been made in the financial statement.

Save for the above, the Directors do not aware of any other litigation or claims of material importance pending or threatened against any member of the Group.

7. 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 circular and are or may be material:

(a) 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 Old Shares of HK$0.01 each at the placing price of HK$0.165 per Old Share;

(b) 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;

(c) 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 Financiere Solola and its subsidiaries for an initial consideration of approximately HK$92,381,659;

(d) 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 old shares of HK$0.01 each of the Company at an offer price of HK$0.057 each. Such agreement was terminated in accordance with its terms on 27 March 2008;

(e) 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;

(f) 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;

(g) the subscription agreement dated 30 May 2008 entered into between the Company and JL Investments Capital Limited for the subscription of convertible bonds in the principal amount of HK$6,200,000 to be issued by the Company for a term of one year with a coupon rate of 2% per annum;

(h) the subscription agreement dated 9 July 2008 entered into between the Company and Goldig Properties Limited for the subscription of convertible bonds in the principal amount of HK$35,000,000 to be issued by the Company for a term of three years with zero coupon rate;

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

(j) the underwriting agreement dated 19 November 2008 entered into between Kingston Securities Limited and the Company in relation to the proposed issue of the 131,570,645 offer Old Shares by way of the open offer at an offer price of HK$0.05 per Old Share;

(k) the subscription agreement dated 26 November 2008 entered into between the Company and China Star Entertainment Limited in relation to the subscription and issue of the convertible bonds in the principal amount of HK$100 million;

(l) the subscription agreement dated 26 November 2008 entered into between the Company and Brilliant Arts Multi-Media Holdings Limited in relation to the subscription and issue of the zero coupon convertible bonds in maximum aggregate principal amount of HK$100 million;

(m) the supplemental agreement dated 27 November 2008 entered into between Kingston Securities Limited and the Company in relation to the amendments to the underwriting agreement dated 19 November 2008;

(n) the conditional sale and purchase agreement dated 26 November 2008 entered into among Mega Shell Services Limited, a wholly-owned subsidiary of the Company, the Riche (BVI) Limited, a wholly-owned subsidiary of China Star Investment Holdings Limited, and the Company in relation to the sale and purchase of the entire issued shares of Shinhan-Golden Faith International Development Limited and World East Investments Limited for an initial consideration of HK$211,466,310 (subject to adjustment);

(o) the placing agreement dated 23 April 2009 entered into between Kingston Securities Limited and the Company in relation to the placing of 11,560,000 new Shares, on a fully underwritten basis, at an issue price of HK$0.205 per new Shares;

(p) the underwriting agreement dated 23 April 2009 entered into between Kingston Securities Limited and the Company in relation to the proposed issue of not less than 462,551,352 offer Shares and not more than 555,506,552 offer Shares by way of the open offer at an offer price of HK$0.10 per Share; and

(q) the Subscription Agreement.

8. 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 2008, being the date to which the latest published audited consolidated accounts of the Group were made up.

9. EXPERTS AND CONSENT

The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	**Qualifications**
Grand Cathay	a licensed corporation permitted to engage in type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Vision A. S. Limited	Certified Public Accountants

1. As at the Latest Practicable Date, Grand Cathay and 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. Each of Grand Cathay and Vision A. S. Limited had given and had not withdrawn its written consent to the issue of this circular, 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, Grand Cathay and 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 2008, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business	Unit 1611, 16/F. Shun Tak Centre, West Tower 168-200 Connaught Road Central Hong Kong
Authorised representatives	Lai Hok Lim Unit 1611, 16/F. Shun Tak Centre, West Tower 168-200 Connaught Road Central Hong Kong Lee Chan Wah Unit 1611, 16/F. Shun Tak Centre, West Tower 168-200 Connaught Road Central Hong Kong
Compliance officer	Lai Hok Lim Unit 1611, 16/F Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
Company secretary	Lee Chan Wah *HKICPA, FCCA* Unit 1611, 16/F. Shun Tak Centre, West Tower 168-200 Connaught Road Central Hong Kong
Auditors	Vision A. S. Limited *Certified Public Accountants* Room A, 15/F Fortis Tower, 77-79 Gloucester Road Wanchai 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 *As to Bermuda Law:* Conyers Dill and Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Industrial and Commercial Bank Of China (Asia) Limited 33/F., ICBC Tower 3 Garden Road Central, Hong Kong Dah Sing Bank Limited G/F., Dah Sing Financial Centre 108 Gloucester Road Hong Kong Shanghai Commercial Bank Limited 12 Queen's Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

11. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Lai Hok Lim

Mr. Lai, aged 49, was appointed as executive Director on 10 November 2008 and as authorised representative, chairman and a member of remuneration committee of the Company on 16 November 2008 and as chief executive officer and compliance officer of the Company on 20 April 2009 with the business address at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. Mr. Lai 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, was appointed as executive Director and company secretary and authorised representative of the Company on 10 November 2008 with business address at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. Mr. Lee 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.

Independent non-executive Directors

Yip Tai Him

Mr. Yip, aged 38, was appointed as independent non-executive Directors and members of remuneration committee and audit committee on 13 December 2008 and chairman of the audit committee of the Company on 1 January 2009 with the business address at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. Mr. Yip has over 15 years of experience in auditing, accounting and corporate finance. He is a member of the Institute of Chartered Accountants in England and Wales, and Hong Kong Institute of Certified Public Accountants. Mr. Yip is experienced with internal controls and is well versed with the skills and techniques in preparing, auditing, reviewing and analysing comparable and complicated financial statements. Mr. Yip is currently: (i) an independent non-executive director of Wing Lee Holdings Limited (stock code: 876), a company which is listed on the Main Board of the Stock Exchange, since February 2001; (ii) an independent non-executive director of China Cyber Port (International) Company Limited (stock code: 8206), a company which is listed on GEM, since October 2002; (iii) an independent non-executive director of UURG Corporation Limited (stock code: 8192), a company which is listed on GEM, since March 2008; and (iv) an independent non-executive director of Vinco Financial Group Limited (stock code: 8340), a company which is listed on GEM, since May 2008. Mr. Yip was: (i) an executive director of Brilliant Arts Multi-Media Holding Limited (stock code: 8130), a company which is listed on GEM, from July 2007 to August 2008; and (ii) an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148), a company which is listed on GEM, from March 2007 to July 2008.

Law Yiu Sang, Jacky

Mr. Law, aged 44, was appointed as an independent non-executive Director and member of audit committee and remuneration committee of the Company on 13 December 2008 with the business address at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. Mr. Law 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.

Chio Chong Meng

Ms. Chio, aged 39, was appointed as an independent non-executive Director and member of audit committee and remuneration committee of the Company on 1 January 2009 with the business address at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. Mr. Chio holds a bachelor of arts degree from York University in Canada. She has worked with a reputable hotel chain in Macau for a number of years and acquired extensive hotel management experience in the area of sales, finance and business support. She is now the general manager of a hotel in Macau.

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.

12. AUDIT COMMITTEE

The Company established an audit committee, comprising of all independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jack and Ms. Chio Chong Meng, with written terms of reference in compliance with the GEM Listing Rules. Rule 5.28 of the GEM 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 2008, 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 2008, has been reviewed by the audit committee.

Details of the member of audit committee of the Company, please refer to sub-section headed "Directors and senior management" above.

13. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in the case of inconsistency.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours from the date of this circular up to the date of the SGM.

(a) the memorandum of association and bye-laws of the Company;

(b) the letter from Grand Cathay, the text of which set out in the section headed "Letter from Independent Financial Adviser" to this circular;

(c) the annual reports of the Group for the two financial years ended 31 December 2007 and 2008;

(d) the accountants' report on the Group from Vision A. S. Limited, the text of which is set out in appendix I to this circular;

(e) the letter from Vision A. S. Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in appendix II to this circular;

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

(g) the written consents referred to in the paragraph headed "Experts 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 2008, the date of the latest published audited consolidated financial statements of the Group were made up; and

(i) this circular.

Golife Concepts Holdings Limited

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

(Stock Code: 8172)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Golife Concepts Holdings Limited (the "**Company**") will be held at Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Monday, 6 July 2009, at 4:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the subscription agreement (the "**Subscription Agreement**") (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification) dated 19 January 2009 and entered into between Amazing Goal International Limited ("**Amazing Goal**"), a wholly owned subsidiary of the Company, as the issuer and Chung Chiu (PTC) Ltd. ("**Chung Chiu**") as subscriber in relation to the proposed subscription of 50 new shares of US$1.00 each in the share capital of Amazing Goal at a consideration of US$50 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) the shareholders' agreement (the "**Shareholders' Agreement**") (a draft copy of which has been produced to the Meeting marked "B" and signed by the chairman of the Meeting for the purpose of identification) to be entered into between the Company and Chung Chiu in relation to the rights and obligations of shareholders of Amazing Goal and the transactions contemplated thereunder, be and are hereby approved;

(c) the grant of the call option (the "**Golife Call Option**") by Chung Chiu to the Company pursuant to the Shareholders' Agreement to acquire equity interests of Amazing Goal (provided that Chung Chiu shall not hold less than 50% of the issued share capital of Amazing Goal immediately after such acquisition be and is hereby approved;

(d) the grant of the call option (the "**Chung Chiu Call Option**") by the Company to Chung Chiu including the rights to exercise thereof pursuant to the Shareholders' Agreement to acquire up to 100% of the Company's equity interests in Amazing Goal be and is hereby approved; and

(e) any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreement, the Shareholders' Agreement, the granting of the Golife Call Option and the Chung Chiu Call Option and the transactions contemplated thereunder."

2. "**THAT** subject to the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company to be issued pursuant to the exercise of options which may be granted under the Scheme Mandate Limit (as defined below) and pursuant to paragraph 8(C) of the existing share option scheme of the Company, adopted on 6 March 2002 (the "**Share Option Scheme**"), approval be and is hereby generally and unconditionally granted for refreshing and renewing the Scheme Mandate Limit (as defined in the circular of the Company dated 26 May 2009) in relation to the SGM) under the Share Option Scheme provided that (i) the total number of shares of the Company which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the total number of shares of the Company in issue as at the date of the passing of this resolution (the "**Scheme Mandate Limit**"); and (ii) the overall limit on the number of shares of the Company which may be issued upon the exercise of all options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time and that the Directors be and are hereby authorized, at their absolute discretion, to grant options under the Share Option Scheme up to the Scheme Mandate Limit and to exercise all the powers of the Company to allot, issue and deal with the shares of the Company pursuant to the exercise of such options."

By Order of the Board
Golife Concepts Holdings Limited
Lee Chan Wah
Executive Director

Hong Kong, 26 May 2009

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Registered office and principal place of business in Hong Kong:
Unit 1611, 16/F.
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy can vote on a poll. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the office of the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.