Golife Concepts Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of Golife Concepts Holdings Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The Board of directors (the "Board") of Golife Concepts Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008.

FINANCIAL HIGHLIGHTS

- Turnover at approximately HK$35,251,000
- LBITDA at approximately HK$22,031,000
- Loss attributable to shareholders at approximately HK$25,138,000
- HK$22,361,000 of losses were one-off in nature, which resulted from the termination of the acquisition of Financière Solola and related financing exercises.
- Excluding the one-time extraordinary losses, loss attributable to shareholders was HK$2,777,000.
- The Group's new brand, Cynthia Rowley, opened POS in Beijing and Hong Kong.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the six months ended 30 June 2008

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2008	2007	**2008**	2007
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER		**18,950**	12,191	**35,251**	22,027
Cost of sales		**(8,712)**	(4,297)	**(15,782)**	(7,847)
Gross profit		**10,238**	7,894	**19,469**	14,180
Other revenues and gains	*4*	**422**	2,177	**5,081**	3,369
Selling and distribution costs		**(854)**	(300)	**(1,755)**	(527)
Administrative expenses		**(13,712)**	(9,730)	**(33,676)**	(15,321)
Other expenses and losses	*5*	**(330)**	–	**(13,574)**	–
Finance costs	*6*	**(363)**	(228)	**(671)**	(908)
Share of loss of jointly controlled entities		**–**	(46)	**–**	(53)
PROFIT/(LOSS) BEFORE TAX	*7*	**(4,599)**	(233)	**(25,126)**	740
Tax	*8*	**(12)**	(189)	**(12)**	(521)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		**(4,611)**	(422)	**(25,138)**	219
DIVIDEND	*9*	**–**	–	**–**	–
Earnings/(loss) per share	*10*				
Basic		**(0.37) cents**	(0.04) cents	**(2.01) cents**	0.03 cents
Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

As at 30 June 2008

	Note	(Unaudited) As at 30 June 2008 HK$'000	(Audited) As at 31 December 2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**6,486**	6,712
Total non-current assets		**6,486**	6,712
CURRENT ASSETS			
Inventories		**11,679**	8,992
Trade receivables	12	**4,054**	4,195
Deposits, prepayments and other receivables		**9,028**	13,914
Financial assets at fair value through profit or loss		**663**	966
Derivative financial instruments		**–**	840
Amounts due from jointly controlled entities		**2,357**	562
Pledged deposits		**–**	5,949
Cash and bank balances		**8,153**	3,587
Total current assets		**35,934**	39,005
CURRENT LIABILITIES			
Trade and bills payables	13	**2,799**	2,593
Other payables and accruals		**23,964**	15,114
Derivative financial instruments		**–**	459
Bank and other borrowings	14	**20,886**	13,563
Convertible bonds	15	**5,057**	–
Amounts due to jointly controlled entities		**–**	675
Tax payable		**–**	755
Total current liabilities		**52,706**	33,159
Net current assets/(liabilities)		**(16,772)**	5,846
Total assets less current liabilities		**(10,286)**	12,558
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	**1,946**	805
Total non-current liabilities		**1,946**	805
Net assets/(liabilities)		**(12,232)**	11,753
EQUITY			
Issued capital	16	**12,870**	12,470
Equity component of convertible bonds		**153**	–
Reserves		**(25,255)**	(717)
Total equity		**(12,232)**	11,753

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 June 2008

	Issued capital	Share premium	Equity component of convertible bonds	Share-based payments reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	5,268	55,642	11,316	–	(40,678)	31,548
Conversion of convertible bonds	5,702	53,300	(11,121)	–	–	47,881
Redemption of convertible bonds	–	–	(195)	–	–	(195)
Issue of shares on placing	1,500	23,250	–	–	–	24,750
Cost of placing	–	(335)	–	–	–	(335)
Net profit for the period	–	–	–	–	219	219
At 30 June 2007	12,470	131,857	–	–	(40,459)	103,868
At 1 January 2008	12,470	132,103	–	98	(132,918)	11,753
Issue of convertible bonds	–	–	182	–	–	182
Conversion of convertible bonds	400	600	(29)	–	–	971
Net loss for the period	–	–	–	–	(25,138)	(25,138)
At 30 June 2008	12,870	132,703	153	98	(158,056)	(12,232)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Net cash used in operating activities	**(13,188)**	(7,210)
Net cash from/(used in) investing activities	**3,751**	(2,598)
Net cash from financing activities	**13,808**	22,799
Net increase in cash and cash equivalents	**4,371**	12,991
Cash and cash equivalents at beginning of period	**2,780**	955
Cash and cash equivalents at end of period	**7,151**	13,946
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**8,153**	14,696
Bank overdraft	**(1,002)**	(750)
	7,151	13,946

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

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

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements (the "Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants; accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Financial Statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value.

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

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

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

3. Segment information

Segment information is presented by way of two segment formats: (i) the primary segment reporting format by business segments; and (ii) the secondary reporting format by geographical segments.

(i) Business segments

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

(ii) Geographical segments

	Hong Kong		Taiwan		Group	
	For the six months ended 30 June		**For the six months ended 30 June**		**For the six months ended 30 June**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**27,716**	17,277	**7,535**	4,750	**35,251**	22,027
Capital expenditure	**2,090**	1,940	**108**	1,128	**2,198**	3,068
	As at 30 June 2008	As at 31 December 2007	**As at 30 June 2008**	As at 31 December 2007	**As at 30 June 2008**	As at 31 December 2007
Segment assets	**38,438**	38,407	**3,982**	7,310	**42,420**	45,717
Total assets					**42,420**	45,717

4. Other revenues and gains

	For the three months ended 30 June		For the six months ended 30 June	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**176**	–	**361**	–
Fair value gain on financial assets at fair value through profit or loss	**84**	2,026	**–**	2,026
Profit on disposal of financial assets at fair value through profit or loss	**–**	30	**–**	1,180
Profit on disposal of derivative financial instruments	**139**	–	**3,057**	–
Management services income	**20**	120	**60**	160
Waiver of other payable	**–**	–	**1,600**	–
Other income	**3**	1	**3**	3
	422	2,177	**5,081**	3,369

5. **Other expenses and losses**

	For the three months ended 30 June		For the six months ended 30 June	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fair value loss on financial assets at fair value through profit or loss	**–**	–	**451**	–
Loss on disposal of financial assets at fair value through profit or loss	**40**	–	**40**	–
Loss on disposal of derivative financial instruments	**290**	–	**783**	–
Break-up fee for a terminated acquisition *(note)*	**–**	–	**12,300**	–
	330	–	**13,574**	–

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

6. **Finance costs**

	For the three months ended 30 June		For the six months ended 30 June	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on convertible bonds	**16**	62	**16**	498
Interest on bank loans and overdrafts wholly repayable within five years	**334**	166	**629**	397
Interest on finance leases	**13**	–	**26**	13
	363	228	**671**	908

7. Profit/(loss) before tax

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

	For the three months ended 30 June		For the six months ended 30 June	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**8,712**	4,297	**15,782**	7,847
Depreciation	**1,390**	288	**2,424**	471
Minimum lease payments under operating leases on land and buildings	**5,312**	3,296	**9,943**	5,583

8. Tax

	For the three months ended 30 June		For the six months ended 30 June	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax				
Hong Kong	**–**	174	**–**	506
Overseas	**–**	15	**–**	15
Under provision for prior years				
Overseas	**12**	–	**12**	–
	12	189	**12**	521

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

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

9. Dividend

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

10. Earnings/(loss) per share

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

	For the six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Profit/(loss) attributable to shareholders	**(25,138)**	219
	Number of shares	
Weighted average number of ordinary shares in issue	**1,248,759,730**	869,950,000

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

11. Property, plant and equipment

	HK$'000
At 1 January 2008	6,712
Additions	2,198
Depreciation for the period	(2,424)
At 30 June 2008	6,486

12. Trade receivables

The ageing analysis of the trade receivables is as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**2,638**	2,430
31 – 60 days	**1,100**	1,503
61 – 90 days	**–**	24
Over 90 days	**806**	728
	4,544	4,685
Less: impairment	**(490)**	(490)
	4,054	4,195

13. Trade and bills payables

The ageing analysis of the trade and bills payables is as follows:

	(Unaudited) **As at** **30 June** **2008** ***HK$'000***	(Audited) As at 31 December 2007 *HK$'000*
0 – 30 days	**437**	1,707
31 – 60 days	**500**	178
61 – 90 days	**654**	13
Over 90 days	**1,208**	695
	2,799	2,593

14. Bank and other borrowings

	(Unaudited) **As at** **30 June** **2008** ***HK$'000***	(Audited) As at 31 December 2007 *HK$'000*
Current		
Finance lease payables	**395**	395
Bank overdrafts – secured	**1,002**	807
Bank loans – secured	**14,742**	5,021
Trust receipt loans – secured	**4,747**	7,340
	20,886	13,563
Non-current		
Finance lease payables	**445**	643
Bank loans – secured	**1,501**	162
	1,946	805
	22,832	14,368

15. Convertible bonds

On 11 June 2008, the Company issued convertible bonds with a nominal value 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 bonds are convertible into shares of the Company at the initial conversion price of HK$0.025 at any time after the date of issue of the convertible bonds 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 recognized are calculated as follows:

	HK$'000
Nominal value of convertible bonds at the date of issue	6,200
Equity component	(182)
Liability component at the date of issue	6,018
Conversion	(971)
Notional interest expenses	10
	5,057

16. Share capital

	Number of shares	*HK$'000*
Authorised:		
At 1 January 2008 and at 30 June 2008, ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2008, ordinary shares of HK$0.01 each	1,247,001,488	12,470
Conversion of convertible bonds	40,000,000	400
At 30 June 2008, ordinary shares of HK$0.01 each	1,287,001,488	12,870

17. Related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the period:

		For the six months ended 30 June	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Management fee income charged to a jointly controlled entity	*(a)*	**60**	160
Purchases from jointly controlled entities	*(b)*	**3,146**	1,258
Management fee charged by a related company	*(c)*	**–**	492

Notes:

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

(b) Purchases from jointly controlled entities were carried out in accordance with the negotiated process with reference to market price.

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

18. Operating lease arrangement

The Group leases certain retail shops and office premises under operating lease arrangements. Leases for retail shops and office premises are negotiated for terms ranging from 1 to 3 years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	(Unaudited) As at 30 June 2008	(Audited) As at 31 December 2007
	HK$'000	*HK$'000*
Within one year	**18,866**	14,783
In the second to fifth years, inclusive	**26,018**	13,581
	44,884	28,364

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.

19. Commitments

In addition to the operating lease commitments detailed in note 18 above, the Group had the following commitments at the balance sheet date:

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

	(Unaudited) As at 30 June 2008 *HK$'000*	(Audited) As at 31 December 2007 *HK$'000*
Minimum purchases:		
Within one year	**32,952**	26,451
In the second to fifth years, inclusive	**112,603**	92,017
Beyond five years	**7,259**	–
	152,814	118,468

(b) 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 30 June 2008, the commitment on the earn-out payment not provided is with minimum of HK$2,348,000 (31 December 2007: HK$2,348,000).

(c) 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 30 June 2008, Better Point has the outstanding commitment of HK$5,532,000 (31 December 2007: HK$5,532,000) for the capital injection into CR Hong Kong.

On 18 February 2008, Better Point entered into a sale and purchase agreement with Austen to purchase its entire interests in CR Hong Kong. Subsequently, Better Point and Austen agreed to cancel the sale and purchase agreement and CR Hong Kong, accordingly, remained as a jointly controlled entity of the Group.

20. Post balance sheet events

(a) On 2 July 2008, the Company issued 40,000,000 shares upon conversion of convertible bonds with a principal amount of HK$1,000,000 at a conversion price of HK$0.025 by JL Investments Capital Limited. Upon the approval of the share consolidation and the issue of convertible bonds to Goldig Properties Limited by shareholders on 12 August 2008 as stated in notes (b) and (c) below, the conversion price will be adjusted to HK$0.095 per share.

(b) On 9 July 2008, the Company proposed to implement the share consolidation pursuant to which every five issued shares be consolidated into one consolidated share and to change the board lot size for trading in the shares of the Company from 30,000 shares to 20,000 shares. The share consolidation and the change of board lot size were conditional upon, among other things, the approval of the Shareholders at the extraordinary general meeting. On 12 August 2008, the share consolidation was approved by shareholders at an extraordinary general meeting.

(c) On 9 July 2008, the Company entered into a subscription agreement with Goldig Properties Limited, pursuant to which Goldig Properties Limited agreed to subscribe for convertible bonds in the principal amount of HK$35,000,000 to be issued by the Company, for a term of three years, subject to the share consolidation as stated in note (b) above becoming effective. The convertible bonds will entitle Goldig Properties Limited to a right to convert the convertible bonds into shares of the Company at the initial conversion price of HK$0.125 per share. On 12 August 2008, the proposed issue of such convertible bonds to Goldig Properties Limited was approved by independent shareholders at an extraordinary general meeting.

(d) On 16 July 2008, the Company issued convertible bonds with a nominal value 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 bonds are convertible into shares of the Company at the initial conversion price of HK$0.025 at any time after the date of issue of the convertible bonds and before the maturity date. Upon the approval of the share consolidation by shareholders on 12 August 2008 as stated in note (b) above, the conversion price will be adjusted to HK$0.125 per share.

21. Comparative figures

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Turnover of the Group was approximately HK$35,251,000 for half year ended 30 June 2008 (the "Period"), representing an increase of 60% compared with the corresponding period last year. Gross profit was HK$19,469,000, representing approximately 55% of turnover. Loss attributable to shareholders after tax was HK$25,138,000. Within the total losses, HK$22,361,000 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$2,777,000.

During the review period, the Group commenced operations for its new brand, Cynthia Rowley. As a result, certain one-off pre-opening expenses were incurred, which contributed negatively to the financial performance that would have been achieved otherwise.

Business performance

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$22,120,000, 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$9,514,000.

Distribution business of the Group's 50% owned designer jewelry brand, Life of Circle, achieved satisfactory results through 3 POS in Hong Kong. During the Period, distribution business for Life of Circle achieved a turnover of HK$3,558,000. 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.

In September 2007, the Group together with its 50% joint venture, CR Hong Kong Limited, became the licensee and distributor of New York-designer brand Cynthia Rowley in Hong Kong and Mainland China. The Group and CR Hong Kong Limited had commenced product development and opened POS in Beijing and Hong Kong.

Termination of 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 sale shares, representing to 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). The proposed acquisition was a Very Substantial Acquisition and it was required that the ordinary resolutions be passed at an extraordinary general meeting.

However, the ordinary resolutions were voted down by shareholders at the extraordinary general meeting held on 31 March 2008. Under the acquisition agreement, a break-up fee of EUR1 million (approximately HK$12,300,000) was payable by the Group. In the preparation of completing the acquisition, HK$10,061,000 of professional fees, mainly legal and financial advisory, was incurred. As a result of the termination of the acquisition, HK$22,361,000 of one-time losses was incurred.

Future Plans

Despite the Group's unsuccessful acquisition of French-brand Solola, 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.

Liquidity and Financial Resources

The Group had cash and bank balances of HK$8,153,000 as at 30 June 2008. To achieve a higher return from working capital, the Group also held short-term investments, mainly in equity listed in Hong Kong, totalling HK$663,000. As at 30 June 2008, the Group did not have any charge on its assets. Total borrowings amounted to HK$22,832,000, which included HK$20,886,000 with maturity within one year. Except for borrowings of HK$4,291,000 denominated in pound sterling and euro, all other borrowings were denominated in Hong Kong dollar. The Group's major exposure in foreign currency risk is arising from purchase transactions denominated in pound sterling and euro. Forward contracts were considered for hedging foreign currency risk. The capital structure changed during the period as the Group issued convertible bonds of principal amount of HK$6,200,000 to JL Investments Capital Limited for a term of one year at a coupon rate of 2% per annum. The convertible bonds are convertible into shares of the Company at an initial conversion price of HK$0.025. As at 30 June 2008, the carrying value of the convertible bonds was HK$5,057,000, representing a remaining principal amount of HK$5,200,000. Principal amounts of HK$2,000,000 have been converted into equity up to the date of this report.

The Company has successfully raised additional funds of HK$7,000,000 from the issue of convertible bonds to Far East Holdings International Limited in July 2008. On 9 July 2008, the Company also announced the placing of convertible bonds of HK$35,000,000 to Goldig Properties Limited, a substantial shareholder of the Company. With the new funds raised, the Company is confident of meeting its operational and capital expenditure needs in the medium term.

As at 30 June 2008, the Group had operating lease commitments of HK$44,884,000, purchase commitments of HK$152,814,000, and other capital commitments of HK$7,880,000.

Contingent Liabilities

As at 30 June 2008, the Group did not have any contingent liabilities.

Significant Investment

The Group did not enter into any new significant investment during the six months ended 30 June 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 six months ended 30 June 2008.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year.

Employees

As at 30 June 2008, the Group had 84 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

At 30 June 2008, the interests of the directors and chief executives and their associates in the shares and share options of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required pursuant to Section 352 of the SFO, or which are required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares:

Share options

Name of director	**Capacity**	**Number of share options held**	**Number of underlying shares**
Mr. Richard YEN	Beneficial owner *(note 1)*	990,000	990,000
Mr. Duncan CHIU	Beneficial owner *(note 1)*	990,000	990,000

Note:

(1) The share options are granted to three grantees (namely Mr. Richard YEN, Mr. Duncan CHIU and Mr. GOUW Hiap Kian) on 3 July 2007 pursuant to the share option scheme adopted by the Company. Each share option carries 990,000 shares with exercise price at HK$0.219 and will expire on 5 March 2012. Details of which are set out under the header of "Share Option Schemes" below.

Save as disclosed above, at 30 June 2008, none of the directors, the chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SHARE OPTIONS SCHEMES

The Company adopted a Share Option Scheme (the "Scheme") on 6 March 2002. Under the terms of the Scheme, the Board of the Company 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 10% of the issued share capital of the Company. Notwithstanding the foregoing, the number of shares to be issued upon the exercise of all the options granted and yet to be exercised under the existing share option scheme and other share option schemes must not exceed 30% of the shares in issue from time to time.

The subscription price will be determined by the Board and will not be less than the highest of (i) the nominal value of the shares on the date of the offer, (ii) the closing price of the shares on the date of grant of the options, and (iii) the average of the closing prices of the shares on the five business days immediately preceding the date of offer of the options. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. The Scheme is valid and effective for a period of ten years from the listing of the Company's shares on 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 the 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. No options had been exercised since the date of grant. As at the date of grant, the share price of the Company was HK$0.16. The following table disclosed movements in the Company's share options under the Scheme during the six months ended 30 June 2008:

	Date of grant	Exercise period	Exercise price per share *HK$*	Balance at 1 January 2008	Exercised during the period	Balance at 30 June 2008
Directors of the Company						
Mr. Richard YEN	3 July 2007	3 July 2007 - 5 March 2012	0.219	990,000	–	990,000
Mr. Duncan CHIU	3 July 2007	3 July 2007 - 5 March 2012	0.219	990,000	–	990,000
				1,980,000	–	1,980,000
Employee of the Group						
Mr. GOUW Hiap Kian	3 July 2007	3 July 2007 - 5 March 2012	0.219	990,000	–	990,000
				2,970,000	–	2,970,000

As at 30 June 2008, the number of shares in respect of which options had been granted and outstanding under the Scheme represents 0.231% of the issued share capital of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Position in shares:

Name of Shareholders	Number of shares/underlying shares interested or deemed to be interested	Approximate percentage of the Company's issued share capital (%)
Gouw Hiap Kian *(note 1)*	288,710,000	22.43
Ng Choy Yue Mary *(note 1)*	288,710,000	22.43
Chung Chiu Limited *(notes 2 and 3)*	246,920,000	19.19
HSBC International Trustee Limited *(notes 2 and 3)*	246,920,000	19.19
Goldig Properties Limited *(note 2 and 3)*	246,920,000	19.19
JL Investments Capital Limited *(note 6)*	248,000,000	19.27
Far East Holdings International Limited *(notes 4 and 5)*	429,373,600	33.36
Deutsche Bank Aktiengesellschaft	72,740,000	5.65

Notes:

1. Mr. GOUW Hiap Kian is the beneficial owner of 40,800,000 shares of the Company. Adding the 990,000 shares under the Share Options Scheme and 246,920,000 shares he is deemed to be interested in through Goldig Properties Limited, he is interested in a total of 288,710,000 shares of the Company. Being the spouse of Mr. GOUW Hiap Kian, Ms. NG Choy Yue Mary is deemed to be interested in the 288,710,000 shares of the Company pursuant to the SFO.

2. Goldig Properties Limited is a wholly owned subsidiary of Chung Chiu Limited, which in turn is wholly owned by a discretionary trust. The founder of the discretionary trust is Mr. GOUW Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the SFO, Chung Chiu Limited, Mr. GOUW Hiap Kian and HSBC International Trustee Limited are deemed to be interested in the 246,920,000 underlying shares of the Company held by Goldig Properties Limited.

3. Ms. GOUW San Bo, Elizabeth is also a director of Chung Chiu limited and Goldig Properties Limited.

4. Far East Holdings International Limited has a deemed interest in 280,000,000 shares of the Company upon signing of a subscription agreement with the Company on 30 May 2008 to subscribe for convertible bonds in the principal amount of HK$7,000,000 issued by the Company. The convertible bonds was issued by the Company to Far East Holdings International Limited on 16 July 2008. Adding the 149,373,600 shares it beneficially owns, Far East Holdings International Limited is deemed to be interested in an aggregate of 429,373,600 shares of the Company.

5. Mr. Duncan Chiu is also the Managing Director and the Chief Executive Officer of Far East Holdings International Limited.

6. JL Investments Capital Limited has a deemed interest in 248,000,000 shares of the Company upon signing of a subscription agreement with the Company on 30 May 2008 to subscribe for convertible bonds in the principal amount of HK$6,200,000 issued by the Company. The convertible bonds was issued by the Company to JL Investments Capital Limited on 11 June 2008. As at 30 June 2008, the outstanding principal amount under the convertible bonds was HK$5,200,000.

Saved as disclosed above, as at 30 June 2008, no persons, other than those disclosed under section header of "Directors' and Chief Executive's Interests in Shares and Share Options", had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Other than the section headed "Share Option Schemes" as described above, at no time during the six months ended 30 June 2008 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company; or had exercised any such rights during the six months ended 30 June 2008.

COMPETING INTEREST

The directors believe that none of the Directors nor the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2008, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all directors, all directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2008 except for the following deviations:

1. Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

At present, all non-executive directors are not appointed for a specific term. They are, however, subject to retirement and re-election every three years in accordance with the Company's Articles of Association. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the shareholders of the Company and the retirement and re-election requirements of Non-executive Directors have given the Company's shareholders the right to approve the continuation of Non-executive Directors' offices.

2. Code Provision C.3.4 and Code Provision D.2.1

Code Provision C.3.4 stipulates the audit committee should make available its terms of reference, explaining its role and the authority delegated it by the Board. This requirement could be met by making it available on request and by including the information on the issuer's website. Further, Code Provision D.2.1 stipulates that where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.

As at 30 June 2008, the terms of reference of the audit committee has not been finalized and posted on the Company's website. However, as at the date hereof, the Company has managed to finalize the terms of reference of the audit committee and obtained its approval from the Board on 12 August 2008. The terms of reference of the audit committee has been posted on the Company's website on 12 August 2008.

3. Code Provision B.1.4 and Code Provision D.2.1

Code Provision B.1.4 stipulates the remuneration committee should make available its terms of reference, explaining its role and the authority delegated it by the Board. This requirement could be met by making it available on request and by including the information on the issuer's website. Further, Code Provision D.2.1 stipulates that where board committees are established to deal with matters, the board should prescribe sufficiently clear terms of reference to enable such committees to discharge their functions properly.

As at 30 June 2008, the terms of reference of the remuneration committee has not been finalized and posted on the Company's website. However, as at the date hereof, the Company has managed to finalize the terms of reference of the remuneration committee and obtained its approval from the Board on 12 August 2008. The terms of reference of the remuneration committee has been posted on the Company's website on 12 August 2008.

AUDIT COMMITTEE

The audit committee has three members comprising three independent non-executive directors, namely Mr. Lum Pak Sum (Chairman of the Audit Committee), Mr. Sum Chun Ho and Mr. Wan Kwok Pan.

The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and half-yearly report and to provide advice and comment thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

By order of the Board
GOUW San Bo, Elizabeth
Chief Executive Officer and Executive Director

Hong Kong, 12 August 2008

As at the date hereof, the Board comprises two executive directors, namely Ms. GOUW San Bo Elizabeth and Mr. Richard YEN; two non-executive directors, namely Mr. Duncan CHIU and Mr. LO Mun Lam, Raymond; and three independent non-executive directors, namely Mr. LUM Pak Sum, Mr. SUM Chun Ho and Mr. WAN Kwok Pan.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.