



# Golife Concepts Holdings Limited

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

Stock Code: 8172

## Interim report 2009

[www.golife.com.hk](http://www.golife.com.hk)

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective 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.**

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*This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

**FINANCIAL HIGHLIGHTS**

Revenue of the Group for the six months ended 30 June 2009 was approximately HK\$11.8 million, of which HK\$8.2 million (2008: HK\$35.3 million) and HK\$3.6 million (2008: Nil) was generated from the distribution of high-end apparel and accessories and property investment respectively, representing a decrease of approximately 66.5% as compared with the same period last year.

Profit attributable to equity holders of the Company for the six months ended 30 June 2009 amounted to approximately HK\$2.4 million (2008: loss attributable to equity holders of HK\$25.9 million, as restated), the turnaround was mainly contributed by a gain on bargaining purchasing recorded during the period under review.

Earnings per share were approximately HK4.46 cents (2008: Loss per share HK103.77 cents, as restated) for the six months ended 30 June 2009.

The Directors do not recommend payment of dividend for the six months ended 30 June 2009 (2008: Nil).

## UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Golife Concepts Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009, together with the comparative unaudited figures for 2008 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended		For the six months ended	
	Notes	30 June 2009 HK\$'000 (Unaudited)	30 June 2008 HK\$'000 (Unaudited) (restated)	30 June 2009 HK\$'000 (Unaudited)	30 June 2008 HK\$'000 (Unaudited) (restated)
Turnover	5	5,311	18,950	11,823	35,251
Cost of sales		(2,093)	(8,575)	(5,892)	(15,473)
Gross profit		3,218	10,375	5,931	19,778
Other revenues and gains	5	28,428	368	28,490	5,111
Selling and distribution costs		(41)	(869)	(351)	(1,770)
Administrative expenses		(10,900)	(14,404)	(21,684)	(34,778)
Other expenses and losses	6	—	(246)	(1,766)	(13,574)
Finance costs	7	(7,182)	(363)	(8,224)	(671)
Profit/(loss) before taxation	8	13,523	(5,139)	2,396	(25,904)
Taxation	9	—	(12)	—	(12)
Profit/(loss) attributable to shareholders		13,523	(5,151)	2,396	(25,916)
Earnings/(loss) per share	11	HK21.46 cents	HK(20.60) cents	HK4.46 cents	HK(103.77) cents
Basic					
Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	19,801	2,006
Investment properties		<b>113,721</b>	—
Total non-current assets		<b>133,522</b>	2,006
<b>CURRENT ASSETS</b>			
Inventories		2,751	7,590
Trade receivables	13	880	2,794
Deposits, prepayments and other receivables		<b>14,218</b>	7,522
Financial assets at fair value through profit or loss		94	231
Property held for sale		<b>28,969</b>	—
Tax recoverable		—	1,303
Cash and bank balances		<b>99,483</b>	5,766
Total current assets		<b>146,395</b>	25,206
Assets classified as held for sale		<b>806,843</b>	—
		<b>953,238</b>	25,206
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	2,039	2,402
Other payables and accruals		<b>195,152</b>	19,845
Derivative financial instruments		—	2,153
Interest-bearing bank and other borrowings	15	<b>35,832</b>	11,074
Convertible bonds	16	—	3,157
Amount due to a shareholder		<b>255,535</b>	—
Amount due to a jointly controlled entity		—	1,025
Receipt in advance		<b>39,719</b>	—
Tax payable		<b>587</b>	587
Total current liabilities		<b>528,864</b>	40,243

	<b>At 30 June 2009 HK\$'000 (Unaudited)</b>	<b>At 31 December 2008 HK\$'000 (Audited) (restated)</b>
Net current assets/(liabilities)	<b>424,374</b>	(15,037)
Total assets less current liabilities	<b>557,896</b>	(13,031)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	15 <b>267,926</b>	1,045
Deferred taxation	<b>56,951</b>	—
Convertible bonds	16 <b>82,632</b>	30,574
Total non-current liabilities	<b>407,509</b>	31,619
Net assets/(liabilities)	<b>150,387</b>	(44,650)
<b>EQUITY</b>		
Share capital	17 <b>694</b>	16,446
Reserves	<b>149,693</b>	(61,096)
	<b>150,387</b>	(44,650)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Equity component of convertible bonds HK\$'000 (Unaudited)	Share-based payments reserve HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2008 at previous stated	12,470	132,103	—	—	98	—	(132,918)	11,753
Prior year adjustment (Note 3)	—	—	—	—	—	—	(725)	(725)
Issue of convertible bonds	—	—	—	182	—	—	—	182
Conversion of convertible bonds	400	600	—	(29)	—	—	—	971
Net loss for the period	—	—	—	—	—	—	(25,916)	(25,916)
At 30 June 2008 (restated)	<u>12,870</u>	<u>132,703</u>	<u>—</u>	<u>153</u>	<u>98</u>	<u>—</u>	<u>(159,559)</u>	<u>(13,735)</u>
At 1 January 2009 at previous stated	16,446	135,062	—	12,693	98	—	(206,559)	(42,260)
Prior year adjustment (Note 3)	—	—	—	—	—	—	(2,390)	(2,390)
Redemption of convertible bonds	—	—	—	(9,639)	—	—	1,789	(7,850)
Issue of convertible bonds	—	—	—	185,081	—	—	—	185,081
Capital reduction	(22,564)	—	22,564	—	—	—	—	—
Issue of shares	6,812	8,020	—	—	—	—	—	14,832
Share issue expenses	—	(43)	—	—	—	—	—	(43)
Exchange difference arising from translation of financial statements of foreign operation	—	—	—	—	—	621	—	621
Net profit for the period	—	—	—	—	—	—	2,396	2,396
At 30 June 2009	<u>694</u>	<u>143,039</u>	<u>22,564</u>	<u>188,135</u>	<u>98</u>	<u>621</u>	<u>(204,764)</u>	<u>150,387</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the six months ended 30 June</b>	
	<b>2009 HK\$'000 (Unaudited)</b>	2008 HK\$'000 (Unaudited) (restated)
Net cash used in operating activities	<b>(120,185)</b>	(13,188)
Net cash from investing activities	<b>44,160</b>	3,751
Net cash from financing activities	<b>169,742</b>	13,808
Net increase in cash and cash equivalents	<b>93,717</b>	4,371
Cash and cash equivalents at beginning of period	<b>5,766</b>	2,780
Cash and cash equivalents at end of period	<b>99,483</b>	7,151
Analysis of balance of cash and cash equivalents		
Cash and bank balance	<b>103,120</b>	8,153
Bank overdraft	<b>(3,637)</b>	(1,002)
	<b>99,483</b>	7,151



## 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 and continued in Bermuda 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, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The Company's principal activity has not changed during the period and consisted of investment holding. The principal activity of its subsidiaries is distribution of high-end apparel and accessories and property investment.

### 2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements (the "Financial Statements") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, including the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"); accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Financial Statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). 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 2008, except for the accounting policy in relation to the interests in jointly controlled entities. Details of the change in accounting policies are set out in Note 3 below.

For the six months ended 30 June 2009, the Group had applied for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by HKICPA that are effective for accounting periods beginning on or after 1 January 2009. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting period as prepared and presented.

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. Changes in accounting policies**

**Interests in Jointly Controlled Entities**

Prior to 1 January 2009, the Group shared the net assets/liabilities, under the equity method of accounting, of a jointly controlled entity and discontinued recognised its share of further loss of a jointly controlled entity with the applicable share of cumulative losses in excess of the Group's equity interest in the jointly controlled entity.

From 1 January 2009 onwards, the Group has changed its accounting policy on interests in jointly controlled entity from equity method of accounting to proportionate consolidation by combining its share of each of the items in the financial statements of a jointly controlled equity with the similar items, line by line, in its consolidated financial statements except for current account with the Company pursuant to HKAS 31 "Interests in Joint Ventures". The change in accounting policy has been adopted retrospectively and the Group has applied prior year adjustment of HK\$2.4 million to increase the accumulated losses as at 31 December 2008 (31 December 2007: HK\$725,000) for recognition of its share of relevant losses of certain jointly controlled entities under proportionate consolidation. The unaudited consolidated income statement for the period ended 30 June 2008 and the balance sheet for the year ended 31 December 2008 have also been restated, under proportionate consolidation, by combining its share of each of the items, line by line, in the Financial Statements of the Company.

**4. Business and geographical segments**

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

**I) Business Segment**

For management purposes, the Group is currently organised into two operating divisions, namely, distribution and rental. These divisions are the basis on which the Group reports its primary segment information.

Distribution: Distribution of high-end apparel and accessories  
Rental Income: Property rental income

	Distribution		Rental Income		Group	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Turnover	8,203	35,251	3,620	—	11,823	35,251
Capital expenditure	—	2,450	20,557	—	20,557	2,450
	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)
Segment assets	67,071	27,212	1,019,689	—	1,086,760	27,212
Total assets					1,086,760	27,212

**II) Geographical Segment**

	Hong Kong For the six months ended 30 June		Taiwan For the six months ended 30 June		PRC For the six months ended 30 June		Group For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Turnover	<u>8,203</u>	<u>27,716</u>	<u>—</u>	<u>7,535</u>	<u>3,620</u>	<u>—</u>	<u>11,823</u>	<u>35,251</u>
Capital expenditure	<u>—</u>	<u>2,342</u>	<u>—</u>	<u>108</u>	<u>20,557</u>	<u>—</u>	<u>20,557</u>	<u>2,450</u>
	<b>At</b>	<b>At 31</b>	<b>At</b>	<b>At 31</b>	<b>At</b>	<b>At 31</b>	<b>At</b>	<b>At 31</b>
	<b>30 June</b>	<b>December</b>	<b>30 June</b>	<b>December</b>	<b>30 June</b>	<b>December</b>	<b>30 June</b>	<b>December</b>
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited) (restated)	(Unaudited)	(Audited) (restated)	(Unaudited)	(Audited) (restated)	(Unaudited)	(Audited) (restated)
Segment assets	<u>67,071</u>	<u>26,097</u>	<u>—</u>	<u>1,115</u>	<u>1,019,689</u>	<u>—</u>	<u>1,086,760</u>	<u>27,212</u>
Total assets							<u>1,086,760</u>	<u>27,212</u>

**5. Turnover, other revenues and gains**

	For the three months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Turnover:				
Distribution of high-end apparel and accessories	<u>1,691</u>	<u>18,950</u>	<u>8,203</u>	<u>35,251</u>
Rental income	<u>3,620</u>	<u>—</u>	<u>3,620</u>	<u>—</u>
	<u>5,311</u>	<u>18,950</u>	<u>11,823</u>	<u>35,251</u>
Other Revenues and gains				
Bank interest income	<u>528</u>	<u>176</u>	<u>528</u>	<u>361</u>
Gain on disposal of fixed assets	<u>18</u>	<u>—</u>	<u>66</u>	<u>—</u>
Fair value gain on financial assets at fair value through profit and loss	<u>—</u>	<u>(2,685)</u>	<u>—</u>	<u>—</u>
Gain on bargaining purchasing	<u>27,666</u>	<u>—</u>	<u>27,666</u>	<u>—</u>
Profit on disposal of derivative financial instruments	<u>—</u>	<u>2,824</u>	<u>—</u>	<u>3,057</u>
Management services income	<u>5</u>	<u>50</u>	<u>15</u>	<u>90</u>
Sundries income	<u>211</u>	<u>3</u>	<u>215</u>	<u>3</u>
Waiver of other payable	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,600</u>
	<u>28,428</u>	<u>368</u>	<u>28,490</u>	<u>5,111</u>

6. Other expenses and losses

	For the three months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Fair value loss on financial assets at fair value through profit or loss	—	(44)	—	491
Loss on disposal of derivative financial instruments	—	290	347	783
Break-up fee for a terminated acquisition	—	—	—	12,300
Loss on early redemption of convertible bonds	—	—	1,419	—
	<u>—</u>	<u>246</u>	<u>1,766</u>	<u>13,574</u>

7. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Interest on convertible bonds	2,175	16	3,030	16
Interest on bank loans and overdrafts wholly repayable within five years	4,993	334	5,171	629
Interest on finance leases	14	13	23	26
	<u>7,182</u>	<u>363</u>	<u>8,224</u>	<u>671</u>

8. Profit/(loss) before taxation

	For the three months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (restated)
Cost of inventories sold	759	8,575	4,558	15,473
Depreciation	1,797	1,392	1,943	2,427
Minimum lease payments under operating leases on land and building	1,232	5,388	5,262	10,026
Staff costs including directors's remuneration (including in administrative cost only)	2,065	3,864	4,951	7,670
Exchange loss/(profit), net	—	(971)	960	(625)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**9. Taxation**

	For the three months ended 30 June		For the six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Under provision for prior years	—	—	—	—
Overseas	—	12	—	12
	<u>—</u>	<u>12</u>	<u>—</u>	<u>12</u>

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 period under review (2008: Nil).

**10. Dividend**

The Board does not recommend the payment of dividend for the six months ended 30 June 2009 (2008: Nil).

**11. Earnings/(loss) per share**

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company for the three months ended 30 June 2009 of approximately HK\$13.5 million (2008: loss attributable to equity holders of approximately HK\$5.2 million) and profit attributable to equity holders of the Company for the six months ended 30 June 2009 of approximately HK\$2.4 million (2008: loss attributable to equity holders of approximately HK\$25.9 million) and the weighted average of 63,011,179 shares in issue during the three months ended 30 June 2009 (2008: 25,010,359 shares, as adjusted) and the weighted average of 53,705,015 shares in issue during the six months ended 30 June 2009 (2008: 24,975,194 shares, as adjusted). The comparative figure of basic earnings/(loss) per share for the three months and six months ended 30 June 2008 had been re-calculated to reflect the share consolidation taken place on 12 August 2008 and 6 April 2009 respectively.

The conversion of all potential ordinary shares arising from share options granted by the Company and convertible bonds would have an anti-dilutive effect on the earnings per share for the three months and six months ended 30 June 2009.

No diluted loss per share has been presented for the three months and six months ended 30 June 2008 as the conversion of all potential ordinary shares from share options and convertible bonds would have an anti-dilutive effect on the loss per share for the three months and six months ended 30 June 2008.

**12. Property, plant and equipment**

	HK\$'000
At 1 January 2009	2,006
Additions	20,557
Disposal	(9,152)
Depreciation for the period	(1,943)
Written back on disposal	8,333
	<u>19,801</u>
At 30 June 2009	<u>19,801</u>

**13. Trade receivables**

The ageing analysis of the trade receivables is as follows:

	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)
0 — 30 days	181	1,960
31 — 60 days	126	643
61 — 90 days	50	—
Over 90 days	1,015	681
	<hr/>	<hr/>
	1,372	3,284
Less: impairment	(492)	(490)
	<hr/>	<hr/>
	<b>880</b>	<b>2,794</b>
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**14. Trade and bills payables**

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

	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)
0 — 30 days	201	1,008
31 — 60 days	—	—
61 — 90 days	—	—
Over 90 days	1,838	1,394
	<hr/>	<hr/>
	2,039	2,402
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**15. Interest-bearing bank and other borrowings**

	At 30 June 2009 HK\$'000 (Unaudited)	At 31 December 2008 HK\$'000 (Audited) (restated)
Current		
Finance lease payable	395	395
Bank overdrafts — secured	—	4,734
Bank loans — secured	35,437	1,626
Trust receipt loan — secured	—	4,319
	<hr/>	<hr/>
	35,832	11,074
	<hr/>	<hr/>
Non-current		
Finance lease payable	46	247
Bank loans — secured	267,880	798
	<hr/>	<hr/>
	267,926	1,045
	<hr/>	<hr/>
	<b>303,758</b>	<b>12,119</b>
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**16. Convertible bonds**

	<b>At 30 June 2009 HK\$'000 (Unaudited)</b>	<b>At 31 December 2008 HK\$'000 (Audited)</b>
Nominal value of convertible bonds at 1 January	<b>33,731</b>	—
Convertible bonds issued during the period	<b>260,000</b>	48,200
Equity component	<b>(185,081)</b>	(12,823)
Liability component at the date of issue	<b>108,650</b>	35,377
Conversion during the period	—	(2,870)
Redemption during the period	<b>(28,942)</b>	—
Interest expense	<b>3,030</b>	1,232
Interest paid	<b>(115)</b>	(8)
Liability component at 30 June	<b>82,623</b>	33,731
Equity component at 1 January	<b>12,693</b>	—
Convertible bonds issued during the period	<b>185,081</b>	12,823
Conversion during the period	—	(130)
Redemption during the period	<b>(9,639)</b>	—
	<b>188,135</b>	12,693

**17. Share capital**

	<b>Number of shares</b>	<b>HK\$'000</b>
<i>Authorised:</i>		
At 1 January 2009	2,000,000,000	100,000
Increased in authorised share capital	28,000,000,000	1,400,000
Consolidation of shares and capital reduction	(27,000,000,000)	(1,470,000)
At 30 June 2009, ordinary shares of HK\$0.01 each	<b>3,000,000,000</b>	<b>30,000</b>
<i>Issued and fully paid</i>		
At 1 January 2009, ordinary shares of HK\$0.05 each	328,926,613	16,446
Open offer of new shares	131,570,645	6,579
Share consolidation (10 into 1)	(414,447,533)	—
Capital reduction	—	(22,564)
Issued on acquisition of subsidiaries	11,769,194	117
Placing of new shares	11,560,000	116
At 30 June 2009, ordinary shares of HK\$0.01 each	<b>69,378,919</b>	<b>694</b>

**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:

	<b>At 30 June 2009 HK\$'000 (Unaudited)</b>	At 31 December 2008 HK\$'000 (Audited)
Within one year	<b>2,650</b>	17,315
In the second to fifth years, inclusive	<b>348</b>	11,483
	<b><u>2,998</u></b>	<u>28,798</u>

**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:

	<b>At 30 June 2009 HK\$'000 (Unaudited)</b>	At 31 December 2008 HK\$'000 (Audited)
Minimum purchase:		
Within one year	<b>13,141</b>	28,751
In the second to fifth years, inclusive	<b>43,954</b>	84,963
	<b><u>57,095</u></b>	<u>113,714</u>

(b) Commitments under license agreements in respect of the investment properties:

	<b>At 30 June 2009 HK\$'000 (Unaudited)</b>	At 31 December 2008 HK\$'000 (Audited)
Renovation works in respect of the investment properties	<b>15,788</b>	—
	<b><u>15,788</u></b>	<u>—</u>



**20. Post balance sheet events**

- (a) On 31 July 2009, Dance Star Group Limited (“DS”), a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the “Agreement”) with China Star Entertainment (BVI) Limited (the “Vendor”) pursuant to which the DS has agreed to acquire and the Vendor has agreed to sell the entire issue share capital of China Star Management Limited and Anglo Market International Limited for the consideration of HK\$3,137,971, which was settled in cash at completion. Completion took place upon signing of the Agreement.
- (b) The Company proposed the change of the Company name from “Golife Concepts Holdings Limited (寶利福控股有限公司)” to “China Star Film Group Limited (中國星電影集團有限公司)”. The proposed change of the Company name is subject to the passing of a special resolution by the shareholders at the special general meeting to be held on 7 September 2009.
- (c) On 8 August 2009, 北京莎瑪房地開發有限公司 (the “Vendor”), a subsidiary of Company entered into a sale and purchase agreement with an independent third party (the “Purchaser”) pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase part of the investment properties held by the Vendor for the consideration of RMB750,000,000. The transaction constitute a very substantial disposal in the part of the Company under the GEM Listing Rules.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

Turnover of the Group was HK\$11.8 million for the half year ended 30 June 2009, of which HK\$8.2 million (2008: HK\$35.3 million) and HK\$3.6 million (2008: Nil) was generated from the distribution of high-end apparel and accessories and property investment respectively, representing a decrease of 66.5% as compared with HK\$35.3 million for the period ended 30 June 2008.

The gross profit of the segment of the distribution of high-end apparel and accessories was approximately HK\$3.6 million, representing approximately 44.4% of turnover of the distribution of high-end apparel and accessories. Gross profit margin dropped as compared with 56.1% of the corresponding period last year as a result of extra sales discounts offered in the weak retail market during the period.

Following the completion of the acquisition Shinhan-Golden Faith International Development Limited and World East Investments Limited on 8 April 2009, turnover of approximately HK\$3.6 million was contributed from the segment of property investment. The gross profit of such segment was approximately HK\$2.3 million.

Other revenues and gains amounted to approximately HK\$28.5 million, representing an increase of 457.4% over the same period last year. Such increase was contributed by a gain on bargaining purchasing of approximately HK\$27.7 million recorded during the period under review.

Selling and distribution costs decreased by 80.2% to approximately HK\$0.4 million from HK\$1.8 million in prior year. Such decrease was in line with the decrease in the turnover generated from the segment of the distribution of high-end apparel and accessories.

Administrative expenses decreased by 37.7% to approximately HK\$21.7 million from HK\$34.8 million in prior year. Such decrease was mainly attributed to the scale down of the operation in the segment of the distribution of high-end apparel and accessories and the stringent cost control policy adopted by the management.

Other expenses and losses decreased by 86.9% to approximately HK\$1.8 million from HK\$13.6 million in prior year. Such decrease was caused by the break-up fee of approximately HK\$12.3 million from the termination of the acquisition of Financiere Solola recorded in the same period of last year.

Finance costs increased by 1,125.6% to approximately HK\$8.2 million from HK\$0.7 million in prior. Such increase was mainly attributed to the increase in interest on bank loans and overdrafts wholly repayable within five years and effective interest expenses on convertible bonds.

Profit attributable to equity holders of the Company was HK\$2.4 million (2008: Loss attributable to equity holders of HK\$25.9 million). The turnaround was mainly contributed by the combined effect of the gain on bargaining purchasing recorded and the decrease of administrative expenses and other expenses and losses during the period.

## Business Review

During the period under review, the Group ceased the operations for part of the fashion brands in order to concentrate resources for the development of the other fashion brands and diversification of its business activities.

On 26 November 2008, Mega Shell Services (“MS”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Riche (BVI) Limited (“Riche”), a wholly-owned subsidiary of China Star Investment Holdings Limited of which its issued shares are listed on the Main Board of the Stock Exchange. Pursuant to the sale and purchase agreement, MS has agreed to purchase the entire issued share capital and the outstanding shareholders’ loan of Shinhan-Golden Faith International Development Limited (“SG”) and World East Investments Limited (“WE”) for a total consideration of HK\$211,466,310. SG and WE is 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 Jianguo 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. The transaction had been completed on 8 April 2009 and turnover of approximately HK\$3.6 million was contributed by the investment property during the period under review.

On 29 January 2009, the Company announced that Amazing Goal International Limited (“AG”), a wholly-owned subsidiary of the Company, entered into a subscription agreement pursuant to which Chung Chiu (PTC) Limited (“CC”) has conditionally agreed to subscribe and AG has conditionally agreed to allot and issue subscription shares to CC at a consideration of US\$50. The subscription shares represent 50% of the entire share capital of AG as enlarged by the allotment and issue of the subscription shares. 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 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. The details of the transaction were set out in the circular of the Company dated 26 May 2009 and was approved by the shareholders in the special general meeting held on 6 July 2009. The transaction had been completed on 10 July 2009.

## Future Plans

During the period, the global financial crisis resulted in significant drop in consumer spending all over the world, including the Greater China region. The management did take a number of measures to streamline the Group’s operations and to control the overall cost. On the other hand, the Group will aim to diversify its business and raise funds from capital market in order to strengthen its capital base.

On 21 July 2009, the Company and the bondholders proposed to enter a deed of amendments, pursuant to which, the conditions of the convertible bonds issued on 25 September 2008 shall be modified (a) to extend the maturity date of the convertible bonds to the fifth anniversary of the date of issue instead of the third anniversary of the date of issue; and (b) to a mandatory conversion of any outstanding amount of convertible bonds into shares by the bondholders at HK\$0.239, subject to adjustment for standard anti dilution events, at the new maturity date (the "Proposed Alterations"). The Board believes that the Proposed Alteration of the convertible bonds will be in the interests of the Company and the shareholders as a whole for the following reasons that (a) the extension of the maturity date provides a higher flexibility for the redemption of the outstanding convertible bonds by the Company in respect of the new maturity date; (b) there will be no cash outflow to the Group when the convertible bonds become maturity so as to improve the financial position of the Group and the Company could have greater flexibility in operating its business; (c) the outstanding principal amount of the convertible bonds, if converted, represents approximately 4.48% of the issued share capital of the Group as enlarged by the new conversion shares. The Company will put forward the Proposed Alteration to the shareholders at the forthcoming special general meeting on 7 September 2009 and a circular containing further details of the Proposed Alteration together with a notice of the special general meeting were despatched to the shareholders on 12 August 2009.

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

On 8 August 2009, 北京莎瑪房地開發有限公司 (the "Vendor"), a subsidiary of the Company entered into a sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase part of the investment properties held by the Vendor for the consideration of RMB750,000,000. The transaction constitute a very substantial disposal in the part of the Company under the GEM Listing Rules. A circular containing the details of the disposal together with the notice of the special general meeting will be despatched to the shareholders of the Company.

Looking forward, the streamline of the Group's business operations in the segment of the distribution of high-end apparel and accessories will enable the Group to operate in a relatively cost-effective manner. The completion of the acquisition of the Beijing property and the entire issued share capital of CSM and AMI will provide a stable source of revenue to the Group. The Group will not only continue to focus on its business in relation to the distribution of high-end apparel and accessories, but also continue to seek for new investment opportunities in the other areas. In addition, the series of funds raised will strengthen and broaden the capital base of the Company and ensure the adequacy of the working capital for the Group's operations. In view of the recent boom in the PRC's real estates driven by PRC's "loose" credit policy, the disposal of part of the Group's investment property located at Beijing, the PRC represents an opportunity for the Group to reduce its borrowings.

### Change of Company Name

On 31 July 2009, the Company proposes that the name of the Company be changed from “Golife Concepts Holdings Limited (寶利福控股有限公司\*)” to “China Star Film Group Limited (中國星電影集團有限公司\*)”. The proposed change of name of the Company is subject to (a) the passing of a special resolution by the shareholders at the forthcoming special general meeting to be held on 7 September 2009; and (b) the Registrar of Companies in Bermuda granting approval for the proposed change in name of the Company. A circular containing further details of the proposed change of name of the Company together with a notice of the special general meeting were despatched to the shareholders on 12 August 2009.

### Liquidity and Financial Resources

At 30 June 2009, the Group had total assets of approximately HK\$1,086.8 million (2008: HK\$27.2 million, as restated), including cash and bank balances of approximately HK\$99.5 million (2008: HK\$5.8 million, as restated). The increase in cash and bank balances was mainly contributed by cash inflow generated from financing activities during the period.

To achieve a higher return from working capital, the Group also held short-term investments, mainly in equity listed in Hong Kong, totaling HK\$0.1 million.

During the period under review, the Group financed its operation with internally generated cash flows, bank borrowings and the proceeds from various financing activities including placing of new shares, open offer and issuance of convertible bonds.

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

On 29 January 2009, the Group 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 was utilised as general working capital and/or repayment its borrowings as and when need.

On 28 April 2009, the Group raised additional fund of HK\$100 million by issuance of convertible 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 with zero coupon rate (the “BA Bonds”). The proceeds raised from the issuance of the BA Bonds was utilised as general working capital and/or repayment its borrowings as and when need.

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

On 23 April 2009, the Company raised the Group raised approximately HK\$55.5 million before expenses, by way of open offer of 555,031,352 offer shares at a price of HK\$0.1 per offer share on the basis of eight offer shares for every one share held on the record date and payable in full on application. The net proceeds of approximately HK\$54.4 million are intended to apply to reduce the Group’s borrowings as and when needed, finance any future possible investment and/or for general working capital of the Group.

### Increase in Authorised Share Capital

Pursuant to the resolution passed on 19 January 2009, the authorised share capital of the Company were 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 the creation of 28,000,000,000 new shares.

### Share Consolidation, Capital Reorganisation and Change in Domicile

Pursuant to the resolutions passed on 9 February 2009, the domicile of the Company would 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 would 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 became effective on 16 March 2009 and 6 April 2009 respectively.

At 30 June 2009, the total borrowings of the Group amounted to HK\$741.8 million (2008: HK\$12.1 million), comprising:

- (a) the advance of HK\$255.5 million made by Riche (BVI) Limited as the result from the acquisition of SG and WE which is unsecured, interest bearing interest free and maturing on April 2014;
- (b) the promissory note of HK\$100 million issued to Riche (BVI) Limited as part of the consideration of the acquisition of SG and WE which is unsecured, interest free and maturing on April 2014;
- (c) the liability component of the convertible bonds with a principal amount of HK\$60 million of HK\$18.2 million issued to China Star Entertainment Limited which is unsecured, interest free and maturing on January 2019;
- (d) the liability component of the convertible bonds with a principal amount of HK\$100 million of HK\$29.4 million issued to Brilliant Arts Multi-Media Holding Limited which is unsecured, interest free and maturing on April 2019;
- (e) the liability component of the convertible bonds with a principal amount of HK\$100 million of HK\$29.7 million issued to Riche (BVI) Limited which is unsecured, interest free and maturing on April 2019;
- (f) the liability component of the convertible bonds with a principal amount of HK\$4 million of HK\$3 million issued to Win Win Fortune Limited which is unsecured, interest free and maturing on September 2011;
- (g) the liability component of the convertible bonds with a principal amount of HK\$3 million of HK\$2.3 million issued to Mr. Cheung Pui Kay which is unsecured, interest free and maturing on September 2011; and

- (h) the bank borrowings amounted to HK\$303.7 million, representing (i) bank loan, denominated in renminbi, of HK\$302.4 million which is secured by certain of the investment property with a fair value of HK\$866.5 million, the bank deposits of HK\$26.4 million and a corporate guarantee given by the China Star Investment Holdings Limited, interest bearing at 110% of the interest rate prescribed by the People's Bank of China for loan period of five year and repayable within three years; and (ii) bank loan and finance lease obligations, denominated in Hong Kong dollar, of HK\$0.9 million and HK\$0.4 million respectively which are secured by personal guarantee and corporate guarantee provided by a subsidiary of the group.

The gearing ratio, expressed as percentage of total liabilities over total assets, was 86.2% (2008: 264.1%). The improvement in gearing ratio was attributed to the completion of the acquisition of the investment property located at Beijing, the PRC and the broaden of the Company's capital base through a series of fund raising activities during the period.

At 30 June 2009, the Group has pledged its bank deposits of HK\$26.4 million and investment property located at Beijing, the PRC with a fair value of HK\$866.5 million to secure a bank loan amounted to approximately HK\$302.4 million.

#### Treasury Policies

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

#### Commitment

At 30 June 2009, the Group had the following material commitments:

- (a) capital expenditures of HK\$15.8 million in respect of the renovation works of the investment properties contracted for but not provided in the Financial Statements.
- (b) commitments under license agreements in respect of several brand name products of approximately HK\$57.1 million.
- (c) operating lease commitments of approximately HK\$2.9 million in respect of certain retail shops.

#### Contingent Liabilities

As at 30 June 2009, the Group had the following contingent liabilities:

GL Retailing (Hong Kong) Limited ("GLHK"), a 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 (a) the outstanding purchase commitments under the license agreements, (b) image compensation suffered by the Licensor and (b) penalty in the sum of EUR6,374,745 (equivalent to approximately HK\$69,828,956). The Directors consider that the claim is enormously overstated for the reasons that (a) 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 (b) 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 Statements.

### Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition of Shinhan-Golden Faith International Development Limited and World East Investments Limited and the proposed disposal of 50% interest of Amazing Goal International Limited as mentioned above, the Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the period.

### Employee Information

At 30 June 2009, the Group had 18 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 EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2009, none of the directors, or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 6 March 2002. The principal terms of the Scheme have been set out in the Note 33 to the financial statements in the annual report of the Company for the year ended 31 December 2008.

Details of the Company's share options granted under the Scheme are as follows:

<b>Name of grantee</b> (Note 1)	<b>Date of grant</b>	<b>Exercise period</b>	<b>Adjusted exercise price</b> (Note 2) HK\$	<b>Adjusted number of share options</b> (Note 2)
Richard Yen	3 July 2007	3 July 2007-5 March 2012	10.95	19,800
Duncan Chiu	3 July 2007	3 July 2007-5 March 2012	10.95	19,800
Gouw Hiap Kian	3 July 2007	3 July 2007-5 March 2012	10.95	19,800

*Notes:*

- (1) Mr. Richard Yen and Mr. Duncan Chiu resigned as executive Director of the Company on 16 November 2008 and 20 April 2009 respectively. Mr. Gouw Hiap Kian is a director of subsidiaries of the Company.
- (2) The exercise price and number of share option have been adjusted due to the completion of the share consolidation on 6 April 2009.



## DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at 30 June 2009, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives 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 and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Percentage of the Company's issued share capital
China Star Investment Holdings Limited	Interest of controlled corporation (Note 1)	11,769,194	818,257,318	830,026,512	999.99%
Riche (BVI) Limited	Beneficial owner (Note 1)	11,769,194	818,257,318	830,026,512	999.99%
Brilliant Arts Multi-Media Holdings Limited	Beneficial owner (Note 2)	—	203,665,987	203,665,987	293.56%
China Star Entertainment Limited	Beneficial owner (Note 3)	—	122,199,592	122,199,592	176.13%
Chu Yuet Wah	Personal and interest of controlled corporation (Note 4 and 5)	1,333,460	161,333,550	162,667,010	26.05%
Kingston Securities Limited	Beneficial owner (Note 5)	—	161,333,550	161,333,550	25.83%
Ma Siu Fong	Interest of controlled corporation (Note 5)	—	161,333,550	161,333,550	25.83%
Lim Hung Chun	Interest of controlled corporation (Note 6)	—	7,812,500	7,812,500	11.26%
Win Win Fortune Limited	Beneficial owner (Note 6)	—	7,812,500	7,812,500	11.26%
Cheung Pui Kay	Beneficial owner (Note 7)	350,000	5,859,375	6,209,375	8.94%

Notes:

- (1) Riche (BVI) Limited ("Riche") is the beneficial owner of 11,769,194 shares. Adding the 818,257,318 shares pursuant to the conditional sale and purchase agreement dated 26 November 2008 entered into between Riche and the Company, Riche is deemed to be interested in 830,026,512 shares. As Riche is wholly-owned by China Star Investment Holdings Limited ("China Star"), a company listed on the Main Board of the Stock Exchange, China Star is deemed to be interested in such 830,026,512 shares.
- (2) Brilliants Arts Multi-Media Holding Limited ("Brilliant Arts"), a company listed on the GEM Board of the Stock Exchange, is deemed to be interested in 203,665,987 shares through its interest in the convertible bonds in the principal amount of HK\$100,000,000 issued by the Company.
- (3) China Star Entertainment Limited ("CSE"), a company listed on the Main Board of the Stock Exchange, is deemed to be interested in 122,199,592 shares through its interest in the convertible bonds in the principal amount of HK\$60,000,000 issued by the Company.
- (4) 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 161,333,550 shares that she is deemed to be interested through Kingston Securities Limited ("Kingston Securities") as stated at Note (5) below, Ms. Chu Yuet Wah is deemed to be interested in 162,667,010 shares.
- (5) Kingston Securities is interested in 161,333,550 shares pursuant to the underwriting agreement, in relation to the open offer announced by the Company on 23 April 2009 entered into between the Company and Kingston Securities dated 23 April 2009. Ms. Chu Yuet Wah and Ms. Ma Siu Fong own 51% and 49% interest in Kingston Securities respectively.
- (6) Win Win Fortune Limited, which is wholly and beneficially owned by Mr. Lim Hung Chun, is deemed to be interested in 7,812,500 shares through its interest in the convertible bonds in the principal amount of HK\$4,000,000 issued by the Company.
- (7) Mr. Cheung Pui Kay is the beneficial owner of 350,000 shares. Adding the 5,859,375 shares that he is deemed to be interested through his interest in the convertible bonds in the principal amount of HK\$3,000,000 issued by the Company, he is interested in a total of 6,209,375 shares.

Save as disclosed above, at 30 June 2009, the Company has not been notified by any persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## COMPETING INTEREST

At 30 June 2009, none of the Directors nor the management shareholders and substantial shareholders, or their respective associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

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

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased and sold any of the Company's listed securities during the six months ended 30 June 2009.

## CORPORATE GOVERNANCE

For the six months ended 30 June 2009, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2009, 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.

## AUDIT COMMITTEE

The audit committee has three members comprising three independent non-executive directors, namely Mr. Yip Tai Him (Chairman of the Audit Committee), Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.

The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and interim report and to provide advice and comment thereon to the board of directors. 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

**Lai Hok Lim**

*Executive Director*

Hong Kong, 13 August 2009

*As at the date hereof, the Board comprises three executive directors, namely Mr. Lai Hok Lim, Mr. Heung Wah Keung and Mr. Lee Chan Wah; and three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.*