



**GoLife Concepts**  
Holdings Limited *Formerly known as Satellite Devices Corporation*

Stock code : 8172

# 2007 Interim Report



## Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“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.

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*This report, for which the directors of Golife Concepts Holdings Limited (the “Directors”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Golife Concepts Holdings Limited. 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.*

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 2007.

- |     |  |
|-----|--|
| (1) | Turnover: HK\$22,027,000   |
| (2) | EBITDA: HK\$2,455,000  |
| (3) | Profit attributable to shareholders: HK\$219,000   |
| (4) | Start up loss of HK\$861,000 incurred by new operations for newly-acquired brand Life of Circle  |
| (5) | Imputed Interest expenses of HK\$498,000 on Convertible Notes, which were subsequently fully converted   |
| (6) | Profit attributable to shareholders excluding (4) and (5) approximately HK\$1,578,000  |
| (7) | 10 Points-of-sales in total as at 30 June 2007, including 4 added during the period, 4 more will be added between 1 July 2007 and 31 December 2007 |

## Management's Discussion and Analysis

### Overview

The Group achieved steady financial results in the period under review attributable mainly to its flourishing lifestyle product business. Turnover of the Group was approximately HK\$22,027,000 for the period, representing an increase of 182% against the last corresponding period. Gross profit was HK\$14,180,000; gross profit margin was 64%. EBITDA was HK\$2,455,000; EBITDA margin was 11%. Profit attributable to shareholders was HK\$219,000.

During the period, the Group expanded rapidly with 4 new Points-of-sales opened and the kick off of brand development effort and distribution operations for the new Life of Circle brand. As a result, certain one-off administration, professional and pre-operation expenses were incurred, including legal and professional expenses of approximately HK\$928,000.

During the first quarter of 2007, a one-off HK\$436,000 imputed interest cost on the outstanding convertible notes was charged to the Group (another HK\$62,000 for the second quarter). Since 15 May 2007, after all outstanding notes were converted, there has been no such additional cost incurred. Excluding this item, profit attributable to shareholders would have been HK\$717,000.

On 18 June 2007, the Group completed a top-up placement of 150,000,000 new shares at HK\$ 0.165 per share and raised net proceeds of approximately HK\$24,415,000. Of that total amount, approximately 60% has been earmarked for supporting expansion of the Group's retails distribution network in Hong Kong and the PRC for existing brands (Anya Hindmarch, Paule Ka and Life of Circle) and new brands (Cythia Rowley and Herend). Approximately 20% would be for brand and product development for existing and new brands and the remaining 20% would be for marketing and use as general working capital of the Group. The Group's financial position has strengthened. As at 30 June 2007, the Group had net current assets of HK\$20,340,000, consisting of HK\$14,696,000 of cash and bank balances and HK\$12,094,000 of short-term investments.

## **Anya Hindmarch**

Distribution of products of the famed British accessories brand Anya Hindmarch remained the Group's main turnover contributor, accounting for 75% of the Group's total turnover. The business brought in HK\$16,474,000 in turnover, 71% of which was derived in Hong Kong and the rest in Taiwan.

During the period, new Points-of-sales were added in the IFC Mall, Hong Kong, and in Taiwan – Tainan Mitsokoshi and Tianmu Mitsokoshi in Taipei. Another new shop is scheduled to open in Taichung Mitsokoshi in September 2007. By then, the Group will be operating a total of 9 Anya Hindmarch points of sales. In June 2007, the Group launched the "I'm Not a Plastic Bag" in Hong Kong and Taiwan, which generated vast media exposure and customer awareness. The Group expects the global initiative project to help raise the profile of the brand, which will in turn drive sales of Anya Hindmarch products in both the Hong Kong and Taiwan markets in the long-run.

## **Paule Ka**

Distribution business of French-designer women's wear brand Paule Ka grew steadily in Hong Kong. In addition to the current only Point-of-sale in Chater House, Central, the Group will open two new Point-of-sale for the brand in the 3rd quarter of 2007 in Harvey Nichols, Central and the Elements mall at the Kowloon MTR Station.

## **Life of Circle**

In February 2007, the Group signed an Agreement with Zion Worldwide Limited to establish a company by the name of LOC Limited ("LOC"), with the Group and Zion Worldwide owning equal stake. LOC is in the business of design, sourcing, merchandise planning and wholesale of conceptual jewellery and accessories carrying the Life of Circle trademark. Life of Circle was founded by renowned designer Dickson Yew.

The new operations transformed the Group from a pure distribution company into also a brand and product development company, indirectly owning the trademark and IP rights of a lifestyle product brand. In March 2007, the Group "re-launched" the Life of Circle brand in Hong Kong with a Point-of-sale in Harbour City, Kowloon and a second POS is scheduled to open in the IFC Mall, Central in mid-August 2007. As a result of completing the transaction and commencing product development as well as setting up of Point-of-sale, the brand incurred start up loss of HK\$861,000.

The Group intends to continue to invest in building a solid foundation for Life of Circle to support its long term growth in markets in Greater China. It will expand the Point-of-sale network of the brand first in Hong Kong, then in Taiwan and mainland China. The Group expects the financial results of the business of the brand to gradually improve at the roll out of the expansion plans.

## **Potential New Brands**

During the period, the Group signed a Memorandum of Agreement with Long Lead (Holdings) Limited to acquire 50% of Bo Shing International Company Limited ("Bo Shing"), which has exclusive distribution right of products of the lifestyle porcelain brand Herend in the PRC and Hong Kong. A key condition for the acquisition is Bo Shing will enter into a franchise agreement with a third-party company to which it will grant exclusive distribution franchise or retail rights of Herend brand products in Beijing and Shanghai, the PRC. The related franchise agreement must include a schedule for setting up a minimum of 5 new points of sales on or before 31 December 2008.

The Group has also signed a Memorandum of Understanding for the exclusive right to design, manufacture, distribute and sell women apparel and accessories, jewellery, women's footwear, bags and leather goods, and watches in the PRC, Hong Kong and Macau with celebrity New York-based designer Ms. Cynthia Rowley. Given the diverse product categories carrying the designer's name and having flexibility in pricing, the Group sees potential for setting up at least 20 Points-of-sales in the three markets.

Negotiations to finalize the binding terms for these two transactions are in progress and expected to be completed soon for related operations to commence by the end of 2007. The completion of the transactions will bring the number of brands in the Group's portfolio to 5.

### **Future Plans and Prospects**

China is the fastest growing economy in Asia. To tap this growth market, the Group is formulating a plan to set up a sizable Point-of-sales network covering major cities in mainland China in 2008, especially with the support of the much-enhanced luxurious lifestyle product portfolio it achieved in the past year.

The Group will continue to seek and identify unique fashion accessories and apparel brands with character, market potential and longevity and forge appropriate partnerships – distribution, product development and equity – with their owners. Aspiring to become a fully-integrated lifestyle product company, the Group will invest heavily in human resources and information technology in the next two years to strengthen its product development capabilities including setting up design studios, sourcing and logistics centres. The Group had 53 employees as at 30 June 2007, as compared to 38 as at 31 December 2006.

In line with the target of doubling its Points-of-sales every 18 months as stated in its 2006 Annual Report, the Group expects to have a POS network of approximately 50 by 2009. The Group will also strive to maintain a healthy revenue spread among the different brands in its portfolio. Pushing ahead with its expansion plans, the Group expects to build and maintain a good size POS network that boasts economy of scale, which will in turn help to improve its net profit margin in the coming years.

### **Liquidity and Financial Resources**

The Group had cash and bank balances of HK\$14,696,000 at 30 June 2007. With a view to achieving a higher return for working capital, the Group also held short-term investments, mainly equity investments listed in Hong Kong of HK\$12,094,000. The Group will continue to improve its financial position and with the positive cash inflow from operations and its available banking facilities, the group has sufficient financial resources to meet its commitments and working capital requirements.

### **Purchase, Sale or Redemption of Listed Securities of the Company**

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

## Compeling interest

None of the Directors, initial management shareholders and their respective associates of the Company has interest in a business which competes or may compete with the business of the Group.

## Corporate Governance

Throughout the period ended 30 June 2007, the Company has been in compliance with the Code on Corporate Governance Practices as set out in Appendix 16 to the Listing Rules.

## Remuneration Committee

The Company set up a Remuneration Committee on 22 August 2006 with the following members appointed on the same date:

Mr. Lo Mun Lam, Raymond ( <i>Chairman</i> )	Executive Director
Mr. Lum Pak Sum	Independent Non-executive Director
Mr. Sum Chun Ho	Independent Non-executive Director
Mr. Wan Kwok Pan	Independent Non-executive Director

No meeting of the Remuneration Committee was held during the period.

## Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management the internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30 June 2007.

## Code of Conduct Regarding Directors' Securities Transactions

For the period under review, the Company has adopted a code of Conduct regarding directors' securities transaction on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing rules. Having made specific enquiries of all the Directors, the Directors have, saved as disclosed in the share option scheme in para. 21, complied with required standard of dealings and code of conduct regarding directors' securities transactions for the period under review.

## Code of Board Practice

The Directors are of the opinion that the Company has complied with the Code of Best Practice as set out in Rules 5.35 and 5.45 of the GEM Listing rules since the Company's listing on GEM in 2002.

By the order of the Board

**LO Mun Lam Raymond**

*Executive Director*

Hong Kong, 14 August 2007

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 30 June 2007 <b>HK\$'000</b> (unaudited)	As at 31 December 2006 <i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	5,552	2,955
Goodwill	11	75,552	75,552
Intangible assets	12	4,384	4,720
Interests in associates		47	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>85,535</b>	83,227
<b>CURRENT ASSETS</b>			
Inventories		6,059	2,643
Trade receivables	13	2,307	2,209
Deposit, prepayments and other receivables		5,509	4,598
Financial assets at fair value through profit or loss	14	12,094	6,190
Derivative financial instruments		–	92
Cash and bank balances		14,696	3,426
<b>TOTAL CURRENT ASSETS</b>		<b>40,665</b>	19,158
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	4,170	3,116
Other payables and accruals		1,806	3,212
Tax payable		1,311	1,076
Interest bearing bank and other borrowings	16	13,038	12,460
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,325</b>	19,864
<b>NET TOTAL CURRENT ASSETS/(LIABILITIES)</b>		<b>20,340</b>	(706)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>105,875</b>	82,521
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing bank and other borrowings	16	2,007	2,785
Convertible notes	17	–	48,188
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,007</b>	50,973
<b>Net assets</b>		<b>103,868</b>	31,548
<b>EQUITY</b>			
Issued capital	18	12,470	5,268
Equity component of Convertible Notes		–	11,316
Reserves		91,398	14,964
<b>TOTAL EQUITY</b>		<b>103,868</b>	31,548

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended		Six months ended	
		30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)
Turnover	4	12,191	7,618	22,027	7,803
Cost of sales		(4,297)	(2,220)	(7,847)	(2,220)
Gross profit		7,894	5,398	14,180	5,583
Other revenue	4	2,177	1,261	3,369	1,315
Selling and distribution costs		(300)	(516)	(527)	(516)
Administrative expenses		(9,730)	(3,967)	(15,321)	(4,988)
Finance costs	5	(228)	(79)	(908)	(79)
Share of loss from JV		(46)	–	(53)	–
Profit/(loss) before tax	6	(233)	2,097	740	1,315
Tax	7	(189)	(269)	(521)	(269)
Profit/(loss) attributable to shareholders		<u>(422)</u>	<u>1,828</u>	<u>219</u>	<u>1,046</u>
Interim dividend	8	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Earnings/(Loss) per share	9				
– basic (cents)		(0.04)	0.43	0.03	0.38
– diluted (cents)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)**

	Equity component					
	Issued capital	Share premium	of convertible notes	Exchange reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2006	65,850	34,698	–	(15)	(106,359)	(5,826)
Capital reorganization	(64,533)	–	–	–	64,533	–
Issue of shares on open offer	3,951	21,730	–	–	–	25,681
Share issuance costs	–	(786)	–	–	–	(786)
Issue of convertible notes	–	–	11,999	–	–	11,999
Net profit for the period	–	–	–	–	1,046	1,046
At 30 September 2006	<u>5,268</u>	<u>55,642</u>	<u>11,999</u>	<u>(15)</u>	<u>(40,780)</u>	<u>32,114</u>
At 1 January 2007	5,268	55,642	11,316	–	(40,678)	31,548
Conversion of convertible notes	5,702	53,300	(11,121)	–	–	47,881
Redemption of convertible notes	–	–	(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	<u>12,470</u>	<u>131,857</u>	<u>–</u>	<u>–</u>	<u>(40,459)</u>	<u>103,868</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Six months Ended 30 June 2007 HK\$'000 (unaudited)</b>	Six months ended 30 September 2006 HK\$'000 (unaudited)
Net cash used in operating activities	(7,210)	(5,168)
Net cash used in investing activities	(2,598)	(19,469)
Net cash from financing activities	<u>22,799</u>	<u>27,479</u>
Net increase in cash and cash equivalents	<b>12,991</b>	2,842
Cash and cash equivalents at beginning of period	<u>955</u>	<u>112</u>
Cash and cash equivalents at end of period	<b><u>13,946</u></b>	<b><u>2,954</u></b>
Analysis of balance of cash and cash equivalents		
Cash and bank balances	<b>14,696</b>	5,672
Bank overdrafts	<u>(750)</u>	<u>(2,718)</u>
	<b><u>13,946</u></b>	<b><u>2,954</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### I. General information

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 15A, 15/F., Wyndham Place, 40 – 44 Wyndham Street, Central, Hong Kong respectively.

The Company's principal activity has not changed during the period; in investment holding. The principal activities of its subsidiaries are the distribution of high-end apparel and accessories.

### 2. Basic of preparation and accounting policies

The unaudited condensed consolidated interim financial statements ("the Statements") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), including the Hong Kong Accounting Standard ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"); accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the 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 Statements are consistent with those adopted in annual financial statements for the year ended 31 December 2006.

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

The condensed consolidated interim financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

### 3. Segment information

#### (i) Business segments

The Company was previously organized into two operating divisions – design, development and sales of location-based technology devices and applications; sales and distribution of high-end apparel and accessories. Commencing the last quarter, the Company has focused on the latter activities. The following tabulation is for comparison only.

	Six months ended 30 June 2007 and 30 September 2006					
	Design, development and sales of location-based technology devices and applications		Distribution of high-end apparel and accessories		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
TURNOVER						
External turnover	<u>62</u>	<u>488</u>	<u>21,965</u>	<u>7,315</u>	<u>22,027</u>	<u>7,803</u>
RESULTS						
Segment results	<u>62</u>	<u>460</u>	<u>936</u>	<u>1,478</u>	<u>(874)</u>	<u>1,938</u>
Unallocated revenue					3,369	244
Unallocated expenses					(1,702)	(867)
Share of loss from JV					(53)	–
Profit/(loss) before tax					<u>740</u>	<u>1,315</u>
Tax					<u>(521)</u>	<u>(269)</u>
Profit/(loss) for the period					<u><u>219</u></u>	<u><u>1,046</u></u>

#### (ii) Geographical segments

During the period, the Group's turnover was derived from operations carried out in Hong Kong and Taiwan. Over 90% of the Group's assets, liabilities and capital expenditure are derived from operations carried out in Hong Kong. Accordingly, no further geographical segment information is presented in the financial statements except the followings.

	Six months ended 30 June 2007 and 30 September 2006					
	Hong Kong		Taiwan		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
TURNOVER						
External turnover	<u>17,277</u>	<u>6,136</u>	<u>4,750</u>	<u>1,667</u>	<u>22,027</u>	<u>7,803</u>
RESULTS						
Segment results	<u>430</u>	<u>998</u>	<u>310</u>	<u>317</u>	<u>740</u>	<u>1,315</u>
Tax					<u>(521)</u>	<u>(269)</u>
Profit/(loss) for the period					<u><u>219</u></u>	<u><u>1,046</u></u>

## 4. Revenue

	Three months ended		Six months ended	
	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)
TURNOVER				
Design, development and sales of location-based technology devices and applications	–	303	62	488
Retailing of fashion and handbags	12,191	7,315	21,965	7,315
	<u>12,191</u>	<u>7,618</u>	<u>22,027</u>	<u>7,803</u>
OTHER REVENUE				
Fair value gain on financial assets at fair value through profit or loss	2,026	187	2,026	187
Gain on disposal of financial assets at fair value through profit or loss	30	8	1,180	8
Sundry income	121	1,066	163	1,120
	<u>2,177</u>	<u>1,261</u>	<u>3,369</u>	<u>1,315</u>
	<u><b>14,368</b></u>	<u><b>8,879</b></u>	<u><b>25,396</b></u>	<u><b>9,118</b></u>

## 5. Finance costs

	Three months ended		Six months ended	
	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)
Interest on bank loans and overdrafts repayable within five years	166	79	410	79
Interest on convertible notes	62	–	498	–
	<u>228</u>	<u>79</u>	<u>908</u>	<u>79</u>

## 6. Profit/(loss) before tax

	Three months ended 30 June and 30 September		Six months ended 30 June and 30 September	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Depreciation	288	152	471	152
Amortisation of intangible assets	168	112	336	112
Operating lease rentals in respect of land and buildings	3,296	1,782	5,583	1,782
Employee benefit expense:				
Salaries and allowances	2,601	901	4,471	1,251
Retirement scheme contribution	156	148	242	159
	<u>2,757</u>	<u>1,049</u>	<u>4,713</u>	<u>1,410</u>

## 7. Tax

	Three months ended		Six months ended	
	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)	30 September 2006 HK\$'000 (unaudited)
Charge for the period				
Hong Kong	174	235	506	235
Overseas	15	34	15	34
	<u>189</u>	<u>269</u>	<u>521</u>	<u>269</u>

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the period.

Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Company operates, based on existing legislation, interpretations and practices in respect thereof.

No deferred tax asset has been recognized in respect of the tax losses as they have been arisen in subsidiaries that have been loss-making for some time.

## 8. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 September 2006: Nil).

## 9. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on the Company's profit attributable to shareholders of approximately HK\$219,000 (2006: HK\$1,046,000) and weighted average number of 869,950,000 ordinary shares (2006: 278,514,000 ordinary shares) in issue during the period.

Diluted earnings per share are not presented following the conversion of the last batch of convertible notes made on 15 May 2007.

**10. Property, plant and equipment**

The changes in the net book value of property, plant and equipment for the six months ended 30 June 2007 are analysed as follow:

	<i>HK\$'000</i>
At 1 January 2007 (audited)	2,955
Additions	3,068
Depreciation provided for the period	<u>(471)</u>
At 30 June 2007 (unaudited)	<u><u>5,552</u></u>

**11. Goodwill**

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

	As at 30 June 2007 <i>HK\$'000</i> (unaudited)	As at 31 December 2006 <i>HK\$'000</i> (audited)
Arising from acquisition of a subsidiary	75,552	75,552
Impairment during the period	<u>—</u>	<u>—</u>
At 30 June 2007 (unaudited)	<u><u>75,552</u></u>	<u><u>75,552</u></u>

**12. Intangible assets**

	<i>HK\$'000</i>
At 1 January 2007 (audited)	4,720
Amortisation provided for the period	<u>(336)</u>
At 30 June 2007 (unaudited)	<u><u>4,384</u></u>

The intangible assets derived from acquisition of a subsidiary in the corresponding period.

These intangible assets have definite useful lives, and are amortised on a straight-line basis over 4 – 10 years.

**13. Trade receivables**

An aged analysis of the Group's trade receivables at the balance sheet date, based on the invoice and net of provision, is as follows:-

	As at 30 June 2007 <i>HK\$'000</i> (unaudited)	As at 31 December 2006 <i>HK\$'000</i> (audited)
0 – 30 days	1,341	1,710
31 – 60 days	<u>966</u>	<u>499</u>
	<u><u>2,307</u></u>	<u><u>2,209</u></u>

**14. Financial assets at fair value through profit or loss**

These financial assets represent equity investments listed in Hong Kong and are stated at market value..

**15. Trade and bills payables**

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

	<b>As at 30 June 2007 HK\$'000 (unaudited)</b>	As at 31 December 2006 HK\$'000 (audited)
0 – 30 days	3,177	2,433
31 – 60 days	408	367
61 – 90 days	585	16
Over 90 days	–	300
	<b>4,170</b>	<b>3,116</b>

**16. Interest bearing bank and other borrowings**

These amounts are interest bearing at a range of HIBOR plus 1% per annum to prime rate (secured).

**17. Convertible notes**

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

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

The convertible notes recognized in the balance sheet are calculated as follows:

	<b>As at 30 June 2007 HK\$'000 (unaudited)</b>	As at 31 December 2006 HK\$'000 (audited)
Liability component at beginning of period/year	48,188	–
Nominal value of convertible notes issued during the period/year	–	61,520
Equity component	–	(11,999)
Liability component at the issuance date	–	49,521
Interest expense	498	1,484
Conversion during the period/year	(47,881)	–
Redemption during the period/year	(805)	(2,817)
Liability component at end of period/year	–	48,188

**18. Share capital**

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
At 31 December 2006, ordinary shares of HK\$0.01 each (audited)	<u>10,000,000,000</u>	<u>100,000</u>
At 30 June 2007, ordinary shares of HK\$0.01 each (unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2006, ordinary shares of HK\$0.01 each (audited)	526,801,488	5,268
Conversion of Convertible Notes – <i>Note (a)</i>	570,200,000	5,702
Placing – <i>Note (b)</i>	<u>150,000,000</u>	<u>1,500</u>
At 30 June 2007, ordinary shares of HK\$0.01 each (unaudited)	<u>1,247,001,488</u>	<u>12,470</u>

*Notes:*

- (a) The outstanding convertible notes brought forward from 2007 had respectively been redeemed and converted to ordinary shares.
- (b) On 18 June 2007, Placing of 150,000,000 shares was completed raising net proceeds for HK\$24,415,000.

**19. Related parties transactions**

During the period, the Company paid management fee with an amount of HK\$492,000 to Goldig Properties Limited, a company in which our Executive Director, Ms GOUW San Bo, Elizabeth, has beneficial interest.

**20. Commitments**
**(a) Commitments under operating leases**

As at 30 June 2007 and 30 September 2006, the Company had future aggregate minimum lease payment under non-cancelable operating lease in respect of land and buildings.

	As at <b>30 June 2007</b> <b>HK\$'000</b> <b>(unaudited)</b>	As at 31 December 2006 <b>HK\$'000</b> <b>(audited)</b>
Within one year	<b>10,857</b>	6,301
In the second to fifth years, inclusive	<b>9,543</b>	4,618
	<u><b>20,400</b></u>	<u>10,919</u>

## (b) Commitments under license agreements in respect of two brand name products

	As at 30 June 2007 HK\$'000 (unaudited)	As at 31 December 2006 HK\$'000 (audited)
Minimum purchase:		
Within one year	16,707	19,072
In the second to fifth years, inclusive	81,687	86,151
Beyond five years	–	6,649
	<u>98,394</u>	<u>111,872</u>

## 21. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES

As at 30 June 2007, the interests, deemed interests, long positions, short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as 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 of Hong Kong Limited (the "Stock Exchange") pursuant to in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") pursuant to rules 5.46 to 5.68 of the GEM Listing Rules were as follows:

1. Mr. Richard Yen, a non-executive director of the Company, is taken to be interested in 60,990,000 shares in the Company (representing approximately 4.89% of the issued share capital of the Company) within the meaning of Part XV of the SFO. 60 million numbers were through the conversion of the convertible notes of the Company in the principal amount of HK\$6,000,000 (under which the conversion price for each share is HK\$0.1) on 30 March 2007 by one Neowin Ltd, a company incorporated in British Virgin Islands and is wholly owned by Mr. Richard Yen; 990,000 numbers were due to the Share Option Scheme mentioned below.
2. Ms. Ho Hsin Yi, the spouse of Mr. Richard Yen, is deemed to be interested in the 60,990,000 shares in the Company for the purpose of Part XV of the SFO.

*Share Options*

The Company adopted a Share Option Scheme (the "Scheme") on 6 March 2002 for the purpose of providing incentives or rewards to eligible participants for their contributions to the Group. Under the terms of the Scheme, the board of directors of the Company (the "Board") may, at the discretion, invite any employees, directors of the Company and/or any of its subsidiaries, any advisers or consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to the Group to subscribe for any ordinary shares of HK\$0.01 each in the Company. 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. Upon acceptance of the option, the grantee must pay HK\$1.00 to the Company by way of consideration for the grant. During the period the Board of Directors, on the recommendation of the Share Option Scheme Committee of the Company, has granted offers to a number of grantees under the Scheme. Date of acceptance fell after the Balance Sheet date.

On 3 July 2007, 6 grantees accepted the offers:-

Name		No. of Shares
Gouw Hiap Kian	Shareholder	990,000
Lo Mun Lam Raymond	Executive Director	990,000
Richard Yen	Non-Executive Director	990,000
Duncan Chiu	Non-Executive Director	990,000
Yu Wai Yin Vicky	Non-Executive Director	990,000
Wan Kwok Pan Alex	Independent Non-Executive Director	990,000

## 22. SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than interests disclosed in "Directors' and Chief Executive's Interests and Short Positions in Shares", the following shareholders had notified the Company of their relevant interests or deemed interests in the issued share capital of the Company:

### *Long Position in the Shares of the Company*

Name of Shareholders	Number of New Shares interested or deemed to be interested	Approximate percentage of the shareholding held in the Company
Gouw Hiap Kian (notes 1 & 2)	279,240,000	22.39
Ng Choy Yue Mary (note 2)	279,240,000	22.39
Chung Chiu Limited (note 1)	255,900,000	20.52
HSBC International Trustee Limited (note 1)	255,900,000	20.52
First Vantage Limited (note 1)	187,920,000	15.07
Far East Holdings International Limited (Formerly known as Far East Technology International Limited)	142,383,600	11.42
Goldig Properties Limited (note 1)	67,980,000	5.45

### Notes:

1. First Vantage Limited and Goldig Properties Limited are wholly owned subsidiaries of Chung Chiu Limited, which in turn are wholly owned by a discretionary trust. The founder of the discretionary trust is GOUW Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the Securities and Futures Ordinance (Cap 571) ("**SFO**"), Chung Chiu Limited, Goldig Properties Limited, GOUW Hiap Kian and HSBC International Trustee Limited are deemed to be interested in the 255,900,000 shares of Golife Concepts Holdings Limited (the "**Company**").
2. GOUW Hiap Kian is the beneficial owner of another 22,350,000 shares of the Company and the grantee who accepted the share option scheme of 990,000 shares described as above. Adding the 255,900,000 shares he is deemed to be interested in through First Vantage Limited and Goldig Properties Limited, he is interested in a total of 279,240,000 shares of the Company. Being the spouse of GOUW Hiap Kian, NG Choy Yue Mary is deemed to be interested in the 279,240,000 shares of the Company pursuant to the SFO.