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**CLIQUE LONDON LIMITED**

**REPORT OF THE DIRECTORS**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2007**



**EDDY WONG & CO.**

**Certified Public Accountants**

**黃志文會計師事務所**

**CLIQUE LONDON LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2007**

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## **CLIQUE LONDON LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors submit their annual report together with the audited financial statements of the Company for the year ended 31st March, 2007.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is in general trading of garment products.

#### **RESULTS**

The loss of the Company for the year ended 31st March, 2007 and the state of affairs of the Company at that date are set out in the financial statements on pages 5 to 14.

#### **PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment are set out in Note 11 to the financial statements.

#### **SHARE CAPITAL**

Details of share capital of the Company are set out in Note 13 to the financial statements.

#### **DIRECTORS**

The directors during the year and up to the date of this report were:

Leni Kyong Braun  
Lau Kin Wah  
Leung Pui Ling, Ivy

In accordance with the Company's Articles of Association, all directors retire, and being eligible, offer themselves for re-election.

## **CLIQUE LONDON LIMITED**

REPORT OF THE DIRECTORS - Continued

### **DIRECTORS' INTEREST**

No contract of significance in relation to the company's business to which the company was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES**

At no time during the year was the company a party to any arrangement to enable the directors of the company to acquire benefits by means of acquisition of shares in or debentures of the company or any other body corporate.

### **AUDITORS**

The financial statements have been audited by Eddy Wong & Co. who retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

By order of the board



DIRECTOR

Hong Kong,  
24th October, 2008



**EDDY WONG & CO.**  
**Certified Public Accountants**  
**黃志文會計師事務所**

## INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF  
CLIQUE LONDON LIMITED**  
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Clique London Limited set out on pages 5 to 14 which comprise the balance sheet as at 31st March, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinances and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

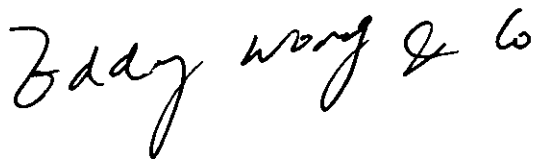
An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT - Continued

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of Company's affairs as at 31st March, 2007 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.



EDDY WONG & CO.  
Certified Public Accountants

Hong Kong,  
24th October, 2008

EW:EC

## CLIQUE LONDON LIMITED

### INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)

	NOTES	2007	2006
TURNOVER	5	\$ 2,921,022	\$ 3,537,840
COST OF SALES		<u>(1,591,260)</u>	<u>(1,742,621)</u>
GROSS PROFIT		\$ 1,329,762	\$ 1,795,219
OTHER INCOME	6	340,603	24,479
SELLING EXPENSES		(1,302,605)	(1,208,729)
OTHER OPERATING EXPENSES		<u>(1,336,305)</u>	<u>(1,163,928)</u>
OPERATING LOSS		\$ (968,545)	\$ (552,959)
FINANCE COSTS	7	<u>-</u>	<u>(1,046)</u>
LOSS BEFORE TAX	8	\$ (968,545)	\$ (554,005)
TAXATION	10	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<u>\$ (968,545)</u>	<u>\$ (554,005)</u>

The notes on pages 9 to 14 form part of these financial statements

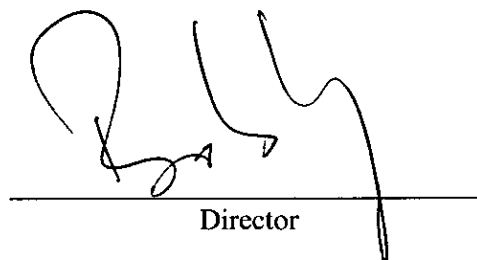
**CLIQUE LONDON LIMITED**

**BALANCE SHEET**  
**AT 31ST MARCH, 2007**  
 (Stated in Hong Kong Dollars)

	NOTES	2007	2006
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	\$ 27,281	\$ 35,081
<b>CURRENT ASSETS</b>			
Trade and other receivables		\$ 1,294,066	\$ 1,356,488
Deposits and prepayments		47,582	47,582
Cash and bank balances		77,859	94,890
		<u>\$ 1,419,507</u>	<u>\$ 1,498,960</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		\$ 4,078,762	\$ 3,179,209
Amount due to a director	12	115,866	115,752
Bank overdraft		71,693	90,068
		<u>\$ 4,266,321</u>	<u>\$ 3,385,029</u>
<b>NET CURRENT LIABILITIES</b>		<u>\$ (2,846,814)</u>	<u>\$ (1,886,069)</u>
<b>NET LIABILITIES</b>		<u>\$ (2,819,533)</u>	<u>\$ (1,850,988)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	\$ 10,000	\$ 10,000
Reserves	14	<u>(2,829,533)</u>	<u>(1,860,988)</u>
		<u>\$ (2,819,533)</u>	<u>\$ (1,850,988)</u>

The financial statements were approved and authorised for issue by the board of directors on 24th October, 2008 and are signed by:

  
 Director

  
 Director

The notes on pages 9 to 14 form part of these financial statements



## CLIQUE LONDON LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)

	Share Capital (Note 13)	Reserves (Note 14)	Total
Balance at 1st April, 2005	\$ 10,000	\$ (1,306,983)	\$ (1,296,983)
Loss for the year	<u>-</u>	<u>(554,005)</u>	<u>(554,005)</u>
Balance at 31st March, 2006	<u>\$ 10,000</u>	<u>\$ (1,860,988)</u>	<u>\$ (1,850,988)</u>
Balance at 1st April, 2006	\$ 10,000	\$ (1,860,988)	\$ (1,850,988)
Loss for the year	<u>-</u>	<u>(968,545)</u>	<u>(968,545)</u>
Balance at 31st March, 2007	<u>\$ 10,000</u>	<u>\$ (2,829,533)</u>	<u>\$ (2,819,533)</u>

The notes on pages 9 to 14 form part of these financial statements.

**CLIQUE LONDON LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2007  
(Stated in Hong Kong Dollars)**

	NOTES	2007	2006
<b>Cash flows from operating activities</b>			
Loss before tax	8	\$ (968,545)	\$ (554,005)
Adjustments for:			
Depreciation	11	18,563	15,872
Interest income	6	(2,487)	(2,939)
Finance costs	7	-	1,046
Operating loss before working capital changes		\$ (952,469)	\$ (540,026)
Decrease / (Increase) in trade and other receivables		62,422	(824,576)
Decrease in deposits and prepayments		-	3,430
Increase in trade and other payables		899,553	1,239,152
Increase in amount due to a director		114	22,187
Cash generated from / (used in) operations		\$ 9,620	\$ (99,833)
Interest paid	7	-	(1,046)
Net cash (used in) / generated from operating activities		\$ 9,620	\$ (100,879)
<b>Cash flows from investing activities</b>			
Interest received	6	\$ 2,487	\$ 2,939
Purchase of property, plant and equipment	11	(10,763)	(13,344)
Net cash used in investing activities		\$ (8,276)	\$ (10,405)
<b>Net (decrease) / increase in cash and cash equivalents</b>		\$ 1,344	\$ (111,284)
<b>Cash and cash equivalents at beginning of the year / period</b>		4,822	116,106
<b>Cash and cash equivalents at end of the year / period</b>		\$ 6,166	\$ 4,822
<b>Analysis of the balances of cash and cash equivalents</b>			
Cash and bank balances		\$ 77,859	\$ 94,890
Bank overdraft		(71,693)	(90,068)
		\$ 6,166	\$ 4,822

The notes on pages 9 to 14 form part of these financial statements.

## **CLIQUE LONDON LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)**

#### **1. ORGANIZATION AND OPERATIONS**

Clique London Limited (the company) is a private company domiciled and incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business are at Unit D, 2/F., Phase 1 Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon. Its principal activity is in general trading of garment products.

#### **2. STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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 requirements of the Hong Kong Companies Ordinance.

#### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taken into account the amount of any trade discounts and volume rebates allowed by the company. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

- i) Revenue from the sales of goods is recognised when the company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.
- ii) Interest income is recognised using the effective interest method.

## CLIQUE LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2007  
(Stated in Hong Kong Dollars)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any at the balance sheet date.

Depreciation is provided to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	25%
Office equipment	25%

#### Deferred tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At each balance sheet date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair value was determined. Exchange gains and losses are recognised in profit or loss.

## CLIQUE LONDON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)

#### 5. TURNOVER

Turnover represents the invoiced value of goods sold to customers less returns and discounts and is analysed as follows:-

	2007	2006
Sales of garment products	<u>\$ 2,921,022</u>	<u>\$ 3,537,840</u>

#### 6. OTHER INCOME

	2007	2006
Bank interest income	\$ 2,487	\$ 2,939
Commission income	9,446	5,162
Design fee income	229,600	-
Exchange gain	29,298	-
Sample income	6,551	1,931
Sundry income	<u>63,221</u>	<u>14,447</u>
	<u>\$ 340,603</u>	<u>\$ 24,479</u>

#### 7. FINANCE COSTS

	2007	2006
Bank overdraft interest	<u>\$ -</u>	<u>\$ 1,046</u>

#### 8. LOSS BEFORE TAX

Loss before tax is stated after charging the following:

	2007	2006
Staff costs		
- Salaries and allowances	\$ 309,960	\$ 116,855
- Contributions to defined contribution plan	<u>-</u>	<u>-</u>
	<u>\$ 309,960</u>	<u>\$ 116,855</u>
Auditors' remuneration	\$ 10,000	\$ 10,000
Depreciation	<u>18,563</u>	<u>15,872</u>

## CLIQUE LONDON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)

#### 9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance is as follows:

	2007	2006
Fees	\$ -	\$ -
Other emoluments		
Salaries and other benefits	360,000	360,000
Retirements benefits scheme contribution	-	-
	<u>\$ 360,000</u>	<u>\$ 360,000</u>

#### 10. TAXATION

Hong Kong profits tax has not been provided as the company has adjusted loss incurred during the year (2006: Nil).

The charge for the year can be reconciled to the loss per income statements as follows:

	2007	2006
Loss for the year	<u>\$ (968,545)</u>	<u>\$ (554,005)</u>
Tax at the applicable rate of 17.5%	\$ (169,495)	\$ (96,951)
Tax effect of income that is not taxable for tax purpose	(23)	(157)
Tax effect of unused tax loss not recognised	168,600	97,204
Others	918	(96)
Tax expenses	<u>\$ -</u>	<u>\$ -</u>

At 31st March, 2007, the Company had tax losses of HK\$2,845,668 (2006: HK\$1,882,237) available to offset against future profits. No deferred tax asset has been recognised in respect of the remaining unused tax losses due to unpredictability of future profits streams. The losses may be carried forward indefinitely.

There is no material unprovided deferred tax in respect of the year or as at 31st March, 2007.

**CLIQUE LONDON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2007  
(Stated in Hong Kong Dollars)**

**11. PROPERTY, PLANT AND EQUIPMENT**

	<u>Furniture &amp; Fixtures</u>	<u>Office Equipment</u>	<u>Total</u>
Cost:			
At 1.4.2006	\$ 49,550	\$ 13,939	\$ 63,489
Additions	-	10,763	10,763
At 31.3.2007	<u>\$ 49,550</u>	<u>\$ 24,702</u>	<u>\$ 74,252</u>
Accumulated depreciation:			
At 1.4.2006	\$ 24,774	\$ 3,634	\$ 28,408
Charge for the year	12,387	6,176	18,563
At 31.3.2007	<u>\$ 37,161</u>	<u>\$ 9,810</u>	<u>\$ 46,971</u>
Net book value:			
At 31.3.2007	<u>\$ 12,389</u>	<u>\$ 14,892</u>	<u>\$ 27,281</u>

	<u>Furniture &amp; Fixtures</u>	<u>Office Equipment</u>	<u>Total</u>
Cost:			
At 1.4.2005	\$ 49,550	\$ 595	\$ 50,145
Additions	-	13,344	13,344
At 31.3.2006	<u>\$ 49,550</u>	<u>\$ 13,939</u>	<u>\$ 63,489</u>
Accumulated depreciation:			
At 1.4.2005	\$ 12,387	\$ 149	\$ 12,536
Charge for the year	12,387	3,485	15,872
At 31.3.2006	<u>\$ 24,774</u>	<u>\$ 3,634</u>	<u>\$ 28,408</u>
Net book value:			
At 31.3.2006	<u>\$ 24,776</u>	<u>\$ 10,305</u>	<u>\$ 35,081</u>

## CLIQUE LONDON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Stated in Hong Kong Dollars)

#### 12. AMOUNT DUE TO A DIRECTOR

The advance under this account is unsecured, non-interest bearing and has no fixed terms of repayment.

#### 13. SHARE CAPITAL

	2007		2006	
	No. of shares		No. of shares	
Authorised:				
Ordinary shares of HK\$1 each	<u>10,000</u>	<u>\$ 10,000</u>	<u>10,000</u>	<u>\$ 10,000</u>
Issued and fully paid				
At 31st March, 2006	10,000	\$ 10,000	10,000	\$ 10,000
Share issued	-	-	-	-
At 31st March, 2007	<u>10,000</u>	<u>\$ 10,000</u>	<u>10,000</u>	<u>\$ 10,000</u>

#### 14. RESERVES

Balance at 31st March, 2005	\$ (1,306,983)
Loss for the year	(554,005)
Balance at 31st March, 2006	<u>\$ (1,860,988)</u>
Loss for the year	(968,545)
Balance at 31st March, 2007	<u><u>\$ (2,829,533)</u></u>