THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

GoLife

GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 96.57% INTEREST IN FINANCIÈRE SOLOLA

Financial adviser

CIMB

CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 5 to 19 of this circular.

A notice convening the EGM to be held at the conference room located at 22/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong on 31 March 2008 at 11:00 a.m. is set out on page 126 to 127 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). The completion and delivery of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

8 March 2008

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 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.

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

CONTENTS

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

"associate(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Acquisition"	the acquisition of the Sale Shares and the FS Convertible Bonds by the Company pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 8 November 2007 as supplemented by an amendment to share purchase agreement dated 14 February 2008 entered into between the Company, the Sellers and Mr. Claude Lalanne Costa and any subsequent amendments in relation to the acquisition of the Sale Shares and the FS Convertible Bonds
"Board"	the board of Directors of the Company
"Business Day"	a day (excluding Saturday and Sunday) on which commercial banks in Hong Kong are generally open for business
"Call Option Agreement"	a call option agreement to be entered into between the Company and Mr. Claude Lalanne Costa upon Completion under which the Company shall have the right to exercise the option to buy from Mr. Claude Lalanne Costa all of the remaining 50,000 shares of Financière Solola held by Mr. Claude Lalanne Costa, representing approximately 3.43% of the existing issued share capital of Financière Solola
"Company"	Golife Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the GEM Board of the Stock Exchange
"Completion"	completion of the sale and purchase contemplated under and in accordance with the terms and conditions of the Acquisition Agreement
"connected person"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the directors of the Company
"Earn Out"	the performance payment to be made by the Company to the Sellers with reference to the EBITDA Target
"EBITDA"	earnings before interest, taxes, depreciation and amortization

"EBITDA Target"	performance EBITDA target of the Financière Solola Group for the year ending 31 December 2008 of EUR1,678,000 (approximately HK$20,085,660) to be used in determining the amount of Earn Out
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Acquisition and the Acquisition Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"Final Cut-Off Date"	where Completion does not occur on or before 2 May 2008 as a result of a delay in delivering any consent or approval required from the Stock Exchange or other governmental or regulatory authorities or a delay of the Stock Exchange in approving the Acquisition and granting clearance to issue the circular, provided that such delay does not result from a failure of the Company to perform its regulatory obligations, then the deadline for Completion shall be automatically postponed to 2 June 2008 provided further that where the reporting accountants can only advise their view on the completion accounts as of 30 September 2007 of the Financière Solola Group at a date later than 3 December 2007 but before 13 December 2007, then the deadline for Completion be automatically postponed beyond 2 June 2008 for a further period equal to the number of days elapsed between 3 December 2007 and the date on which the reporting accountants renders their decision on the completion accounts as of 30 September 2007 of the Financière Solola Group
"Financière Solola"	Financière Solola, a private French company with a share capital of 1,456,196 shares, with a par value of EUR1 per share
"Financière Solola Group"	Financière Solola and its subsidiaries
"FS Convertible Bonds"	the 8-year convertible bonds issued by Financière Solola on 27 February 2003 for an amount of EUR1,400,000 (approximately HK$16,758,000) bearing an interest of 1% per annum, entitling the holders to convert into 1,400,000 shares of Financière Solola upon conversion at any time until 3 months before 27 February 2011
"GAAP"	generally accepted accounting principles
"GEM"	Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM

"Gouw Family"	includes Mr. Gouw Hiap Kian, Ms. Ng Choy Yue Mary, Ms. Gouw San Bo Elizabeth, Ms. Gouw Soan Bo Esther, Mr. Gouw Kar Yiu Carl and any spouse and children of Ms. Gouw San Bo Elizabeth, Ms. Gouw Soan Bo Esther, and Mr. Gouw Kar Yiu Carl. As at the Latest Practicable Date, the Gouw Family owns 23.07% of the Company's issued share capital
"Greater China"	the People's Republic of China, which for the purpose of this circular, (includes Hong Kong, Macau and Taiwan)
"Group"	the Company and its subsidiaries
"Latest Practicable Date"	6 March 2008, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
"Original Audit Period"	the period as reported in the accountant's report of the Financière Solola Group for the three years ended 31 December 2004, 2005 and 2006, and the nine months ended 30 September 2007
"Pledge Agreement"	the agreement to be entered into by the Company and the Sellers on Completion to pledge all of the Sale Shares to the Sellers
"Put Option Agreement"	a put option agreement to be entered into between the Company and Mr. Claude Lalanne Costa upon Completion under which Mr. Claude Lalanne Costa shall have the right to exercise the option to sell all of the remaining 50,000 shares of Financière Solola held by him, representing approximately 3.43% of the existing issued share capital of Financière Solola
"Sale Shares"	1,406,196 shares of EUR1 each in the issued share capital of Financière Solola
"Sellers"	Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France, all of which are independent third parties not connected with the Company or connected persons (as such term is defined in the GEM Listing Rules) to the Company
"Share(s)"	ordinary share(s) of nominal value of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Shares

"Solola"	Solola, a company incorporated under the laws of France as a "*Société par actions simplifée*", with a share capital of EUR200,000 and subsidiary of Financiére Solola
"subsidiary"	has the meaning ascribed to it in section 2(4) of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)
"Supplementary Circular"	a supplementary circular containing the accountant's report of the Financière Solola Group for the three years ended 31 December 2005, 2006 and 2007 to be despatched to Shareholders, for information purposes, by no later than 30 June 2008
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Warrantors"	the Sellers except Lion Capital Investissement
"Warrantors' Representative"	Crédit Agricole Private Equity, acting in the name and on behalf of the Warrantors
"EUR"	Euro, the lawful currency of 15 European Union countries namely Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and Finland, Cyprus and Malta
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent

Unless otherwise specified in this circular, amounts denominated in EUR have been converted, for the purpose of illustration only, into HK$ as follows:

EUR1 = HK$11.97

No representation is made that any amount in HK$ could have been or could be converted at the above rate or at any other rates or at all.

GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

Executive Directors:
Mr. LO Mun Lam, Raymond
Ms. GOUW San Bo Elizabeth
Mr. Richard YEN

Non-executive Directors:
Mr. Duncan CHIU
Ms. YU Wai Yin, Vicky

Independent non-executive Directors:
Mr. LUM Pak Sum
Mr. SUM Chun Ho
Mr. WAN Kwok Pan

Registered office:
Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
Grand Cayman, KY1-1111
Cayman Islands
British West Indies

Head Office and Principal place of business in Hong Kong:
Suite A, 15/F., Wyndham Place,
40-44 Wyndham Street,
Central, Hong Kong

8 March 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF 96.57% INTEREST IN FINANCIÈRE SOLOLA

I. INTRODUCTION

On 8 November 2007 (Hong Kong time), the Company, the Sellers and Mr. Claude Lalanne Costa entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to purchase the Sale Shares, representing 96.57% of the issued share capital of Financière Solola and the FS Convertible Bonds for an initial consideration of EUR7,717,766 (approximately HK$92,381,659). The initial consideration has been determined based on arm's length negotiations and on normal commercial terms with reference to the existing market valuation of similar listed comparable and the potential operating and business synergies arising from the Acquisition. The initial consideration payable in respect of the Sale Shares may be increased by the Earn Out payable to the Sellers in an aggregate maximum additional amount of EUR2,894,162 (approximately HK$34,643,119), which shall be calculated by reference to the performance of the Financière Solola Group for the year ending 31 December 2008.

Notwithstanding the announcement of the Company made on 29 February 2008 relating to the further delay in the despatch of the circular relating to the Acquisition due to additional time required for the preparation of the accountants' report of the Financière Solola Group for the year ended 31 December 2007, considering the special circumstances and the factors set out in the section headed "Waiver from strict compliance with Rule 7.05 of the GEM Listing Rules" below, and in order to enable the Company to complete the Acquisition Agreement before 2 May 2008, the long-stop date set out in the Acquisition Agreement, the Board proposes to the Shareholders to approve the Acquisition and the Acquisition Agreement based on the accountants' report of the Financière Solola Group for the Original Audit Period as contained in this circular.

In addition, the Company will further despatch the Supplementary Circular containing the accountants' report of the Financière Solola Group for the three years ended 31 December 2007 to the Shareholders, for information purpose, by no later than 30 June 2008 upon completion of the relevant audit work by Cheung & Siu, the reporting accountants of the Financière Solola Group engaged by the Company.

The purpose of this circular is to provide you with further information on the Acquisition Agreement, together with, among other things, the accountants' report on the Financière Solola Group for the three years ended 31 December 2006 and the nine months ended 30 September 2007, and a notice of the EGM in accordance with the requirements of the GEM Listing Rules.

II. THE ACQUISITION AGREEMENT

Parties

– the Sellers

– the Company

– Mr. Claude Lalanne Costa

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Sellers and their ultimate beneficial owners and Mr. Claude Lalanne Costa are independent third parties not connected with the Company or connected persons (as such term is defined under the GEM Listing Rules) to the Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to purchase the Sale Shares, representing 96.57% of the issued share capital of Financière Solola, and the FS Convertible Bonds from the Sellers. Upon conversion of the FS Convertible Bonds, the Company's interest in Financière Solola will increase to approximately 98.25%.

Consideration

The initial consideration of EUR7,717,766 (approximately HK$92,381,659) comprises the following:

i) EUR6,317,766 (approximately HK$75,623,659) for the Sale Shares; and

ii) EUR1,400,000 (approximately HK$16,758,000) for the FS Convertible Bonds.

The initial consideration has been determined based on arm's length negotiations and on normal commercial terms with reference to the trading EBITDA multiples of similar listed companies range from 4.7 times to 17.2 times engaging in similar business and the expected business and operating synergies to be realised from the Acquisition following Completion. The initial consideration represents a EBITDA multiple of approximately 5.9 times (on equity basis, excluding consideration for the FS Convertible Bonds) and approximately 7.2 times (on an aggregated basis including equity and the FS Convertible Bonds) respectively, the EBITDA of the Financière Solola Group of approximately EUR1,079,000 (approximately HK$12,915,630) for the year ended 31 December 2006 (based on the French GAAP). The initial consideration, payable in cash, will be made on Completion. The Company considered that EBITDA multiple would provide an appropriate general reference to the consideration based on publicly available information. In addition, as the business of the Financière Solola Group is revenue generating in nature, the Company considered that it is more relevant to value its business based on EBITDA multiple rather than based on its net asset value.

The initial consideration may be increased by the Earn Out which will be a one-off performance related payment for a maximum amount of EUR2,894,162 (approximately HK$34,643,119), to be determined as follows:

(i) if the audited consolidated EBITDA (Note) of the Financière Solola Group for the year ending 31 December 2008 based on the French GAAP is positive and below the EBITDA Target (EUR1,678,000 (approximately HK$20,085,660)), the Earn Out shall be calculated as follows:

    Earn Out = 2,894,162 x (audited consolidated EBITDA for the year ending 31 December 2008 based on the French GAAP/EBITDA Target)

(ii) if the audited consolidated EBITDA(Note) of the Financière Solola Group for the year ending 31 December 2008 based on the French GAAP is equal to or in excess of the EBITDA Target, the Earn Out shall be equal to EUR2,894,162 (approximately HK$34,643,119).

Note: For the purposes of calculating the EBITDA and determining if the Earn Out is payable or not, the following principal items shall be excluded: (i) all revenue of the Financeière Solola Group relating to business in China (except Taiwan and Hong Kong); and (ii) the charge corresponding to the remuneration (including related social charges) of Mr. Claude Lalanne Costa shall be limited to Mr. Claude Lalanne Costa's existing remuneration (including related social charges) as at the date of the Acquisition Agreement.

The Earn Out shall become due and payable within fifteen business days from the date of receipt of the audited financial statements of the Financière Solola Group for the year ending 31 December 2008 by the Group (which will be made available to the Group by no later than 31 May 2009). In order to secure the payment of the Earn Out to the Sellers the Company shall, on Completion, enter into the Pledge Agreement to pledge all of the Sale Shares and FS Convertible Bonds to the Sellers provided that i) any dividends paid on the Sale Shares within a limit of 20% of the net consolidated profit of the Financière Solola Group for tax year 2007 or the interests paid on the FS Convertible Bonds during the Pledge Agreement shall not be included in the security constituted under the Pledge Agreement and as a consequence shall be paid directly to the Company without forming part of the Pledge Agreement; and ii) the Company shall be entitled to exercise all voting rights in respect of the Sale Shares and other rights ancillary thereto.

The Company will finance the cash consideration by way of equity funding and/or bank borrowings. Given the long duration of completion time from the date of the Acquisition Agreement of approximately six months (on or before 2 May 2008), subject to the overall market conditions for fund raising and bank borrowings, the Company will take into account all relevant factors in determining the most appropriate fund raising combination scenario for the Acquisition in due course.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition Agreement have been determined based on arm's length negotiations and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions Precedent

The Acquisition Agreement is conditional upon, amongst others:

- the passing of the resolutions by the Shareholders at the EGM to approve the Acquisition;

- the Company having secured financing for its payment obligations under the Acquisition Agreement;

- all necessary consents and approvals from the Stock Exchange or such other governmental or regulatory authorities required for the Acquisition have been obtained;

- The audited consolidated accounts of the Financière Solola Group as of 30 September 2007 (based on the French GAAP) showing a consolidated turnover of at least EUR6,800,000 (approximately HK$81,396,000) and the audited consolidated EBITDA of the Financière Solola Group for the nine months ended 30 September 2007 (based on the French GAAP) is at least EUR725,000 (approximately HK$8,678,250); and

- the completion accounts up to 30 September 2007 (prepared based on the French GAAP) of the Financière Solola Group must be accompanied by a clean audit report by the auditors and must not contain any qualifications by the auditors.

The Gouw Family has provided an undertaking to the Sellers and Mr. Claude Lalanne Costa to vote in favour of all resolutions relating to the Acquisition and its financing.

Claims

In the event of claims made by the Company for indemnification under the Acquisition Agreement for expenses resulting from any and all liabilities, obligations, damages, deficiencies, losses, claims, actions, lawsuits, proceedings, judgments, demands, costs and penalties suffered or incurred by the Company as a result of a breach of a warranty by the Warrantors ("Claims") which in aggregate exceed EUR100,000 (approximately HK$1,197,000), the Warrantors shall be liable on a general basis for the portion of such aggregate amount exceeding EUR100,000 (approximately HK$1,197,000) and within the following limit:

- Subject to the cancellation of the Acquisition as describe below, EUR4,752,030 (approximately HK$56,881,799) for all Claims notified to the Warrantors' Representative during the three months period after Completion ("First Period");

- EUR2,851,218 (approximately HK$34,129,079) for all Claims notified to the Warrantors' Representative during the period beginning the day following the last day of the First Period and ending the last day of a six months' period from the last day of the First Period (the "Second Period");

- EUR1,900,812 (approximately HK$22,752,720) for all Claims notified to the Warrantors' Representative during the period beginning the day following the last day of the Second Period and ending on 30 June 2009, or for claims related to tax matters and labor matters, with thirty days following the expiration of the relevant statute of limitations.

In the event of a Claim exceeding EUR2,750,000 (approximately HK$32,917,500) during the First Period, the Sellers have the right to request the cancellation of the Acquisition. In the event of the Sellers exercise such a cancellation right, the Sellers shall repay to the Company the initial consideration of EUR7,717,766 (approximately HK$92,381,659) received on Completion together with the fees and expenses incurred by the Company in connection with the Acquisition within a limit of EUR200,000 (approximately HK$2,394,000), and the Company shall, on the same day, transfer the Sale Shares and all FS Convertible Bonds to the Sellers.

Notwithstanding the above, in the event of claims made by the Company for indemnification of any and all damage, loss and expenses resulting from the tax audit of Solola for the period between 1 January 2004 and 31 December 2006 (the "Tax Audit"), the Warrantors shall be liable to indemnify the Company or Financière Solola (where applicable) of all such damage, loss and expenses resulting from the Tax Audit provided that the Company shall irrevocably renounce its rights to terminate the Acquisition Agreement and cancel the Acquisition on the basis of the Tax Audit.

Break-up fee

The Company agrees that if the Acquisition is not completed on or before the Final Cut Off Date, the Company shall pay to the Sellers, a break-up fee of EUR1,000,000 (approximately HK$11,970,000) on or before 7 May 2008 or, the date falling 5 days after the Final Cut-Off Date, provided that no such break up fee shall be payable in the event of fraud, negligence or willful default on the part of the Sellers or where the Sellers fail to comply with any of their material obligations under the Acquisition Agreement.

As security for the payment of the break-up fee, the Company has provided each of the Sellers with a bank guarantee in respect of such Seller's share of the break-up fee.

Completion

Completion will take place no later than 2 May 2008 or 2 June 2008 or on the Final Cut-Off Date (as the case may be as set out in the Acquisition Agreement), upon satisfaction of the conditions precedent of the Acquisition Agreement or the waiver thereof (as applicable).

Call Option Agreement and Put Option Agreement

Upon Completion, the Company shall enter into a Call Option Agreement and a Put Option Agreement with an exercise period of 4 years with Mr. Claude Lalanne Costa under which the Company shall undertake to buy and Mr. Claude Lalanne Costa shall undertake to sell all of the remaining 50,000 shares of Financière Solola held by Mr. Claude Lalanne Costa, representing approximately 3.43% of the existing issued share capital of Financière Solola at the same price per the consideration paid for a Sale Share plus a 10% increase of value per year calculated pro rata to the number of days lapsed between the Completion date (excluded) and the exercise date (included). In the case where the Earn Out would be paid to the Sellers prior to the exercise date, an additional price corresponding to the same price per Sale Share paid to the Sellers plus a 10% increase of value per year calculated pro rata to the numbers of days lapsed between the date of payment of the Earn Out (excluded) and the exercise date (included). Pursuant to the Call Option Agreement, the Company has the full discretion to exercise the call option to buy from Mr. Claude Lalanne Costa 50,000 shares of Financière Solola whilst under the Put Option Agreement, Mr. Claude Lalanne Costa has the full discretion to exercise the put option to sell to the Company such 50,000 shares of Financière Solola. The put and call options have been granted with nil consideration.

The put and call option shall be exercised only in the following conditions:

i) after a three year period as from the date of Completion (the "Lock up Period"), or

ii) prior to the end of the Lock Up Period, in case of termination of the office and/or any of the activities of Mr. Claude Lalanne Costa in connection with Financière Solola and for any reason, or

iii) prior to the end of the Lock Up Period, in case of offer by a third party to buy all the shares of Financière Solola which has been accepted by the shareholders of the Financière Solola.

Further announcement will be made in accordance with the Listing Rules in this regard as and when appropriate.

In addition, Mr. Claude Lalanne Costa shall enter into a management contract with Financière Solola upon Completion to act as the chairman and chief executive officer of Financière Solola and Mr. Claude Lalanne Costa will report to the Chief Executive Officer of the Company. Mr. Claude Lalanne Costa's remuneration will be adjusted upward following Completion as an incentive for him to further develop Financeiere Solola Group's business in coming years.

III. SHAREHOLDING STRUCTURE OF FINANCIÈRE SOLOLA

The following tables sets out the shareholding structure of Financière Solola before and after Completion:

Immediately before Completion

	Number of shares in Financière Solola	% of shareholding	Number of shares in Financière Solola convertible under the FS Convertible Bonds
Vendors:			
Credit Lyonnais Capital Investissement	173,808	11.94	284,200
Credit Lyonnais Developpement 2	125,861	8.64	205,800
Mr. Pierre Hemar	300,000	20.60	–
Lion Capital Investissement	128,429	8.82	210,000
Nollius BV	250,000	17.17	–
Quilvest France	428,098	29.40	700,000
	1,406,196	96.57	1,400,000
Mr. Lalanne-Costa Claude	50,000	3.43	–
Total	1,456,196	100.00	1,400,000

Note:

As far as the Directors are aware, apart from the FS Convertible Bonds and the bank loans of approximately EUR1.4 million (approximately HK$16,758,000) which is due payable by Financière Solola upon Completion, the Financière Solola Group does not have any other outstanding convertibles or any loan which may become payable on Completion.

Immediately upon Completion

	% of shareholding *(Note)*	Number of shares in Financière Solola convertible under the FS Convertible Bonds
The Company	96.57	1,400,000
Mr. Lalanne-Costa Claude	3.43	–
Total	100.00	1,400,000

Note: Upon full conversion of the FS Convertible Bonds, the Company's interest in Financière Solola will increase to 98.25% and Mr. Claude Lalanne Costa's interest in Financière Solola will be diluted to 1.75%.

IV. INFORMATION ON THE FINANCIÈRE SOLOLA GROUP

Financière Solola was incorporated on 6 February 2003 and the Financière Solola Group is principally engaged in the design and sale of women's fashion apparel under a single brand name "Solola". Products are sold under the brand name "Solola" in 13 mono-branded boutiques in France as well as a network of over 500 wholesale points in France and worldwide. Financière Solola also owns a whole-block of real estate with land in Paris.

The following table sets out the summary of the audited financial information of the Financière Solola Group for the three financial years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007 as extracted from the accountants' report of the Financière Solola Group contained in Appendix III to this circular.

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
REVENUE	8,607	8,219	8,554	7,744	7,338
PROFIT BEFORE TAX	882	499	706	1,253	693
Tax	(208)	(164)	(231)	(415)	(304)
NET PROFIT FOR THE YEAR/PERIOD	674	335	475	838	389

The net asset value of the Financière Solola Group as at 30 September 2007 amounted to approximately EUR4.15 million (approximately HK$49.68 million). For further information, please refer to the accountants' report of the Financière Solola Group set out in Appendix III to this circular which contains the respective results of the Financière Solola Group for the nine months ended 30 September 2006 and the year ended 31 December 2006 which reflected the seasonal slow sales pattern of the business of the Financière Solola Group in the last quarter of the year.

Internal control procedures of the Financiere Solola Group

The Directors noted that the accountants' report of the Financiere Solola Group issued by Cheung & Siu set out in Appendix III to this circular contains a qualified opinion, which mainly relates to the existence of inventory as at 31 December 2004, 2005 and 2006, and as at 30 September 2006.

The Directors understand from Cheung & Siu that the qualification arose mainly because Cheung & Siu was appointed to conduct work on the Financiere Solola Group after the abovementioned balance sheet dates, and hence they were not physically present to conduct physical inventory counts as at those balance sheet dates. The Directors understand from the management of Financiere Solola that they had implemented proper control procedures to ensure the existence of the inventory as at those dates. The inventory counts were properly planned with clear written instructions issued to responsible staff. External auditors were invited to observe the inventory counts and to perform sample checking. Warehouse and all boutique locations were systematically divided and defined into different zones with unique zone number. Two different persons, other than those responsible for the custodian function, were assigned to perform the physical count for each zone. Discrepancy report was prepared and submitted for management's approval before any new quantity can be input into the inventory system. The Directors have also discussed with Cheung & Siu in relation to the internal control procedures on inventory of the Financiere Solola Group.

In view of the above, and after discussion with Cheung & Siu, the Directors, to their best knowledge and belief, believe that proper internal controls were in place for stock-take of the Financiere Solola Group at the respective period end of the Original Audit Period.

V. WAIVER FROM STRICT COMPLIANCE WITH RULE 7.05 OF THE GEM LISTING RULES

Background

Following the entering into of the Acquisition Agreement, the Company has instructed Cheung & Siu to conduct audit work covering the Original Audit Period aiming to complete the audit on the Original Audit Period by the end of January 2008 and to despatch the circular relating to the Acquisition in mid February 2008. On this basis, the Company has applied to the Stock Exchange to extend the deadline for despatch the circular to no later than 29 February 2008 as stated in the related announcement of the Company dated 7 December 2007.

During the course of audit, Cheung & Siu and the Company experienced extreme difficulties and unexpected delay in the audit work on the Original Audit Period due to, amongst other reasons (i) the extensive time spent on the translation of documents from French to English (and vice versa); (ii) the prolonged turnaround time in communication between the parties because of the language barrier and time differences between the Company in Hong Kong and Financière Solola in France; and (iii) slow turnaround time in obtaining relevant information from Financière Solola in France especially in relation to clarification of technical audit issues. As a result, the draft accountants' report for the Original Audit Period was only made available to the Company for inclusion in the circular in late February 2008. In view of other outstanding information such as the management discussion and analysis on the financial performance of the Financière Solola Group for the Original Audit Period, the Company was unable to finalise all the relevant information required under the GEM Listing Rules for inclusion in the circular for despatch to Shareholders on or before 29 February 2008 as originally scheduled.

Reasons for the waiver

Pursuant to Rule 7.05 of the GEM Listing Rules, the Company is required to include the consolidated financial statements of the Financière Solola Group for the three financial years immediately preceding the issue of the Circular, which covers the three financial years ended 31 December 2007. The Company has encountered the following special, unprecedented and unfavourable circumstances which lead to the application for the waiver from strict compliance with Rule 7.05 of the GEM Listing Rules to include the financial statements of the Financière Solola Group for the year ended 31 December 2007 ("FY2007"):

1. The Company has enquired with the Financière Solola Group as to timing of completion of its own audit for FY2007 and has been informed that it will only be made available by early May 2008; the time requirements for the conversion of the FY2007 financial statements of the Financière Solola Group into those in compliance with international financial reporting standards, and the time requirements of Cheung & Siu to perform their own audit work thereon and updating the accountants' report. Based on the queries, the Directors noted that the earliest practicable time that the accountants' report of Financière Solola for the three years ended 31 December 2007 would be available will be in mid June 2008. The Directors reckoned that it is not within the Company's control to expedite the audit process of Financière Solola.

2. As stated in the Acquisition Agreement, if the Acquisition Agreement is not completed on or before 2 May 2008 or on the Final Cut Off Date, the Company will be required to pay to the Sellers a break-up fee of EUR1,000,000 (approximately HK$11,970,000). Taking into account the financial position of the Group with a cash balance of HK$14.7 million as at 30 June 2007, the break-up fee would impose a substantial financial burden to the Group. The Directors also consider that it would not be in the interests of the Company and the Shareholders to pay such break-up fee due to a delay in despatch of the Circular.

3. Based on the experience of Cheung & Siu gained during their audit on the Original Audit Period, the preparation of the accountants' report of the Financière Solola Group has been extremely time consuming and difficult due to, among other factors, language barrier, prolonged turnaround time in communication and clarification on matters arising from audit work. In light of the time requirements, strict compliance with Rule 7.05 of the GEM Listing Rules to include the financial statements of the

Financière Solola Group for FY2007 would inevitably delay the completion time of the Acquisition significantly, and would put the Company in a very unfavourable position under the Acquisition Agreement as the Company will risk having to pay the break up fee of EUR1,000,000 (approximately HK$11,970,000) if it is unable to complete the Acquisition on or before the long-stop date of 2 May 2008 or the Final Cut-off date, as the case may be.

4. Based on the latest communications between the Company and the Sellers' agent and lawyers on 29 February 2008 and 2 March 2008, the Directors reckon that the chances of the extension of the long-stop date of the Acquisition Agreement with the Vendors remains uncertain and may not be forthcoming, and is totally out of the control of the Company.

5. As stated in the announcement of the Company dated 19 November 2007 in relation to the Acquisition, the Directors consider that the Acquisition provides the Group with an opportunity of owning an established French brand with an existing distribution network in Europe as well as design and product development capabilities. In view of the Group's intention of expanding its overall point-of-sale network as well as immediate development in mainland China, the Directors believe that the Acquisition will not only enhance the Enlarged Group financial performance, it also represents growth potential for the Enlarged Group to introducing the products of Financiere Solola to the markets in Greater China, particularly mainland China. The Directors consider it is unfavourable and undesirable for the Company and the Shareholders if the Sellers disagree to an extension of the long-stop date, which will see the lapse of the Acquisition Agreement and the payment of the break-up fee.

Based on the above special and unprecedented circumstances and consequences, the Company has applied for the waiver from strict compliance with Rule 7.05 of the GEM Listing Rules to have included the financial statements of Financière Solola for FY2007 in the accountants' report contained in the Appendix III to the circular.

Subject to the following conditions, the Company has been granted the waiver from strict compliance with Rule 7.05 of the GEM Listing Rules:

1) this circular to be despatched on 8 March 2008 and the EGM to be held on or before 31 March 2008;

2) the Directors to confirm in this circular that they have performed sufficient due diligence to ensure that, up to the date of this circular, there has been no material adverse change in the financial position or prospects of the Financière Solola Group since 30 September 2007, and that there is no event since 30 September 2007 which would materially adversely affect the information shown in the accountants' reports of the Financière Solola Group, and disclose details of the due diligence performed in this circular;

3) the Directors to elaborate in this circular the special circumstances leading to the delay in the inclusion of the financial information of the Financière Solola Group for the year ended 31 December 2007 in the accountants' report of the Financière Solola Group in this circular; and

4) the Company will include the accountants' report of the Financière Solola Group for the three years ended 31 December 2007 in another supplementary circular to be sent to the Shareholders for information as soon as possible and in any event no later than 30 June 2008.

Financial position of Financière Solola following the Original Audit Period

Despite the fact that the Company has no right under the Acquisition Agreement to request a review of the latest financial information of Financière Solola subsequent to the Original Audit Period, the Company has sent a questionnaire to Financière Solola to enquire about the latest financial conditions, financial positions, any capital and other commitments made or contingent liabilities noted, and the trading position with respect to the suppliers and customers of Financière Solola during the period after 30 September 2007 to the Latest Practicable Date, and have also discussed and enquired with the management of Financière Solola as to their responses to the questionnaire. Based on the responses obtained from Financière Solola to the said questionnaire, and after discussions with Cheung & Siu as to their findings on the events subsequent to the Original Audit Period, the Directors noted the decrease in turnover of the Financière Solola Group during October to December 2007, which is consistent with the seasonal slow sales pattern noted in the previous corresponding period for the year ended 31 December 2006. The Directors, to their best knowledge and belief, confirmed that they have performed sufficient due diligence on the Financière Solola Group and confirmed that (i) there has been no material adverse change to the financial or trading position of the Financière Solola Group since 30 September 2007 to the Latest Practicable Date; and (ii) no material event had taken place since 30 September 2007 to the Latest Practicable Date that would have materially and adversely affected the financial position of the Financière Solola Group. The Directors confirmed that the information containing in this circular provide sufficient information for the Shareholders to form their view as to how to vote on the resolution proposed at the EGM to approve the Acquisition Agreement.

Cheung & Siu have reviewed the post balance sheet events of the Financière Solola Group and noted the seasonal decrease in turnover of the Financière Solola Group during October to December 2007, which is consistent with the seasonal slow sales pattern noted in the previous corresponding period for the year ended 31 December 2006. To the best of its knowledge and belief, Cheung & Siu confirmed that it is not aware of any material adverse change in the financial or trading position of the Financière Solola Group since 30 September 2007 up to the Latest Practicable Date.

The Supplementary Circular

Notwithstanding the waiver from strict compliance with Rule 7.05 of the GEM Listing Rules, the Company will send to Shareholders the Supplementary Circular containing the accountants' report of the Financière Solola Group for the three years ended 31 December 2007 for reference and information. Based on the aforesaid audit timing requirements for the FY2007 results of the Financière Solola Group, the Company aims to despatch the Supplementary Circular to the Shareholders on or before 30 June 2008.

VI. REASONS FOR THE ACQUISITION

As stated in the Group's 2007 interim report, the Group is committed to continue to seek and identify selected unique fashion accessories and apparel brands with character, market potential and longevity to form combinations of distribution, product development and equity partnerships. The Group will in the next two years invest heavily in strengthening its product development capabilities through setting up design studios, sourcing and logistics centres. The Group is also formulating plan to commence setting up of a scalable point-of-sales network in mainland China in 2008 which aims to expand to approximately 50 point-of-sales network by 2009.

The Directors consider that the Acquisition provides the Group with an opportunity of owning an established French brand with an existing distribution network in Europe as well as design and product development capabilities. In view of the Group's intention of expanding its overall point-of-sale network as well as immediate development in mainland China, the Directors believe that the Acquisition will not only enhance the Enlarged Group financial performance, it also represents growth potential for the Enlarged Group to introducing the products of Financière Solola to the markets in Greater China, particularly mainland China. Hence, upon Completion, the Group will embark on a plan to develop its point-of-sales network of up to 100 in Greater China in the next few years. In addition, the Directors also expect the Acquisition will create synergies of product design and development with the Group's other licensed or equity-partnership brands in terms of consolidating Financière Solola's sourcing operations.

Upon Completion, Financière Solola will become a non-wholly-owned subsidiary of the Company and its results will be consolidated into the consolidated financial statements of the Group. The Company intends to nominate three representatives to the board of Financière Solola upon Completion whilst save for Mr. Claude Lalanne, all the existing directors of Financière Solola will resign upon Completion.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VII. FINANCIAL EFFECTS OF THE ACQUISITION

The financial impact of the Acquisition (including its effect on the earnings and assets and liabilities) is illustrated by way of unaudited pro forma financial information of the Enlarged Group included in Appendix V to this circular.

Based on the audited consolidated financial statements of the Group for the nine months ended 31 December 2006, the total assets and total liabilities of the Group as at 31 December 2006 were approximately HK$102,385,000 and HK$70,837,000 respectively. Assuming the Acquisition was completed by 31 December 2006, the unaudited pro forma total assets and unaudited pro forma total liabilities of the Enlarged Group would amount to approximately HK$172,219,000 and HK$139,335,000, respectively, representing an increase of approximately 68.2% in the case of total assets and 96.7% in the case of total liabilities from those set out in the audited consolidated financial statements of the Group for the nine months ended 31 December 2006.

Based on the audited consolidated financial statements of the Group for the nine months ended 31 December 2006, the profit attributable to equity holders of the Company amounted to approximately HK$1,148,000. Assuming the Acquisition was completed by 1 April 2006, the Enlarged Group would have unaudited pro forma profit attributable to equity holders amounting to approximately HK$6,352,000, representing an increase of approximately 453.3% from the amount set out in the audited consolidated financial statements of the Group for the nine months ended 31 December 2006.

VIII. GENERAL

The principal activity of the Company is investment holding. The principal activities of the Group are brand development and distribution businesses targeting markets in the Greater China region. Through holding equity interest, licensing rights or franchised distribution rights, the Group currently operates four international brands – Anya Hindmarch, Cynthia Rowley, Life of Circle and Paule Ka – covering products from apparel, accessories to jewelry and gifts.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Sellers and their ultimate beneficial owners are independent third parties not connected with the Company or connected persons (as such term is defined in the GEM Listing Rules) to the Company. On this basis, and to the best knowledge, information and belief of the Directors, the Directors believe that no Shareholder has a material interest in the Acquisition and hence, no Shareholder should be required to abstain from voting at the EGM.

IX. EGM

Set out pages 126 to 127 of this circular is a notice convening the EGM to be held at 22/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong on 31 March 2008 at 11:00 a.m. at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the terms of the Acquisition, the Acquisition Agreement and the transactions contemplated thereunder. An announcement will be made in respect of the results of the EGM. A form of proxy for use at the EGM is enclosed with this circular, whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

X. PROCEDURES FOR DEMANDING A POLL AT EGM

Under the Articles of Association of the Company, at any general meeting on a show of hands every Shareholder present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote and on a poll every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every Share of which he is the holder, which is fully paid or credited as fully paid.

Under Article 66 of the Articles of Association, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded by:

(a) the chairman of meeting;

(b) at least three members present in person or by proxy and entitled to vote;

(c) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting;

(d) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums on the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or

(e) if required by the GEM Listing Rules; any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent (5%) or more of the total voting rights.

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

By Order of the Board
LO Mun Lam, Raymond
Executive Director

I. FINANCIAL SUMMARY

The Golife Group has changed its financial year end from 31 March to 31 December in 2006. Set out below is a summary of the audited consolidated results and financial positions of the Group for the three years ended 31 March 2004, 2005, 2006 and the nine months ended 31 December 2006 as extracted from the annual reports of the Group for the respective years, the unaudited consolidated financial position of the Group as at 30 June 2007 and the unaudited consolidated results of the Group for the nine months ended 30 September 2007, as extracted from the interim report and quarterly report of the Group for the six months ended 30 June 2007 and the nine months ended 30 September 2007.

Results of the Group

	For the year ended 31 March 2004	For the year ended 31 March 2005	For the year ended 31 March 2006	Period from 1 April 2006 to 31 December 2006	For the nine months ended 30 September 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	14,779	1,442	1,359	18,885	39,454
Profit/(loss) before tax	(47,099)	(17,163)	(17,726)	1,824	(1,245)
Tax	–	–	–	(676)	(734)
Profit/(loss) for the year	(47,099)	(17,163)	(17,726)	1,148	(1,979)
Earnings per share for profit attributable to the equity holders of the Company for the year					
– Basic (cents)	(7.98)	(2.91)	(14.49)	0.32	(0.20)
– Diluted (cents)	N/A	N/A	N/A	N/A	N/A
Dividends	–	–	–	–	–

Financial position of the Group

	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 December 2006	As at 30 June 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	31,065	17,832	454	102,385	126,200
Total liabilities	(8,758)	(12,690)	(6,280)	(70,837)	(22,332)
Total equity	22,307	5,142	(5,826)	31,548	103,868

II. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below are the audited consolidated financial statements of the Group, together with the relevant notes thereto, as extracted from the annual report of the Company for the year ended 31 December 2006.

Consolidated Income Statement
Period from 1 April 2006 to 31 December 2006

	Notes	**Period from 1/4/2006 to 31/12/2006** *HK$'000*	**Year ended 31/3/2006** *HK$'000*
Turnover	*7*	18,885	1,359
Cost of sales		(7,385)	(520)
Gross profit		11,500	839
Other revenue and gains	*7*	5,357	3,130
Selling and distribution costs		(994)	–
Administrative expenses		(12,240)	(21,695)
Finance costs	*8*	(1,799)	–
PROFIT/(LOSS) BEFORE TAX	*9*	1,824	(17,726)
Tax	*11*	(676)	–
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	*12*	1,148	(17,726)
Dividend	*13*	–	–
Earnings/(loss) per share	*14*		
– basic (cents)		0.32	(14.49)
– diluted (cents)		N/A	N/A

Consolidated Balance Sheet
31 December 2006

	Notes	31/12/2006 HK$'000	31/3/2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,955	–
Goodwill	16	75,552	–
Intangible assets	17	4,720	–
Investments in associates	19	–	4
Total non-current assets		83,227	4
CURRENT ASSETS			
Inventories	20	2,643	–
Trade receivables	21	2,209	328
Deposits, prepayments and other receivables		4,598	10
Financial assets at fair value through profit or loss	22	6,190	–
Derivative financial instruments	23	92	–
Cash and bank balances		3,426	112
Total current assets		19,158	450
CURRENT LIABILITIES			
Trade and bills payables	24	3,116	–
Other payables and accruals		3,212	1,505
Interest-bearing bank and other borrowings	25	12,460	–
Tax payable		1,076	–
Total current liabilities		19,864	1,505
Net current liabilities		(706)	(1,055)
Total assets less current liabilities		82,521	(1,051)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	2,785	4,775
Convertible notes	27	48,188	–
Total non-current liabilities		50,973	4,775
Net assets/(liabilities)		31,548	(5,826)
EQUITY			
Issued capital	29	5,268	65,850
Equity component of convertible notes	27	11,316	–
Reserves		14,964	(71,676)
Total equity		31,548	(5,826)

Consolidated Statement of Changes in Equity

Period from 1 April 2006 to 31 December 2006

	Issued capital *HK$'000*	Share premium *HK$'000*	Equity component of convertible notes *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2005	59,092	34,698	–	(15)	(88,633)	5,142
Issue of shares upon loan capitalisation	6,758	–	–	–	–	6,758
Net loss for the year	–	–	–	–	(17,726)	(17,726)
At 31 March 2006 and 1 April 2006	65,850	34,698	–	(15)	(106,359)	(5,826)
Capital reorganisation – *note 29*	(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 – *note 27*	–	–	11,999	–	–	11,999
Redemption of convertible notes	–	–	(683)	–	–	(683)
Reserve realized upon disposal of subsidiaries	–	–	–	15	–	15
Net profit for the period	–	–	–	–	1,148	1,148
At 31 December 2006	5,268	55,642	11,316	–	(40,678)	31,548

Consolidated Cash Flow Statement

Period from 1 April 2006 to 31 December 2006

	Period from 1/4/2006 to 31/12/2006	Year ended 31/3/2006
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit/(loss) before tax	1,824	(17,726)
Adjustments for:		
Finance costs	1,799	–
Interest income	(9)	–
Depreciation	732	11,194
Provision for impairment on investment in an associate	4	–
Amortisation of intangible assets	280	–
Gain on disposal of subsidiaries	(1,698)	–
Waiver of other loan	(1,000)	–
Fair value gain on financial assets at fair value through profit or loss	(2,014)	–
Fair value gain on derivative financial instruments	(92)	–
Write-off of property, plant and equipment	–	5,827
Reversal of write-down of inventories	–	(176)
Reversal of provision for doubtful debts	(3)	(2,537)
Operating cash flow before movements in working capital	(177)	(3,418)
Decrease in inventories	2,837	512
Decrease/(increase) in trade receivables	(409)	2,380
Decrease in deposits, prepayments and other receivables	5,677	177
Increase in financial assets at fair value through profit or loss	(4,176)	–
Increase in trade and bill payables	1,342	–
Decrease in other payables and accruals	(400)	(961)
Increase in amount due to a fellow subsidiary	–	667
Increase in amount due to a director	–	650
Cash generated from operations	4,694	7
Interest received	9	–
Hong Kong profits tax paid	(2,718)	–
Overseas tax paid	(47)	–
NET CASH FROM OPERATING ACTIVITIES	1,938	7
INVESTING ACTIVITIES		
Acquisition of a subsidiary	(21,362)	–
Purchases of items of property, plant and equipment	(125)	(9)
NET CASH USED IN INVESTING ACTIVITIES	(21,487)	(9)

	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
FINANCING ACTIVITIES		
Interest paid	(315)	–
Proceeds from open offer	24,895	–
Redemption of convertible notes	(3,500)	–
Repayment of other loan	(3,775)	–
New bank loans	7,300	–
Repayment of bank loans	(873)	–
Decrease in trust receipt loans	(3,157)	–
Repayments of capital element of finance leases	(183)	(8)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	20,392	(8)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	843	(10)
Cash and cash equivalents at beginning of period/year	112	122
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	955	112
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,426	112
Bank overdrafts	(2,471)	–
	955	112

Balance Sheet

31 December 2006

	Notes	31/12/2006 HK$'000	31/3/2006 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	18	81,180	–
CURRENT ASSETS			
Cash and bank balances		1	22
CURRENT LIABILITIES			
Other payables and accruals		685	329
Due to a subsidiary	18	3,915	–
Total current liabilities		4,600	329
Net current liabilities		(4,599)	(307)
Total assets less current liabilities		76,581	(307)
NON-CURRENT LIABILITIES			
Convertible notes	27	48,188	–
Net assets/(liabilities)		28,393	(307)
EQUITY			
Issued capital	29	5,268	65,850
Equity components of convertible notes	27	11,316	–
Reserves	31	11,809	(66,157)
Total equity		28,393	(307)

Notes to the Financial Statements

31 December 2006

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands and Suite 14A, 14 Floor, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong, respectively.

The Company's principal activity has not changed during the period and consisted of investment holding. The principal activities of its subsidiaries are design, development and sales of location-based technology devices and application, and distribution of high-end apparel and accessories.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial 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.

3. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impacts on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments Disclosures[1]
HK(IFRIC)-Int 8	Scope of HKFRS 2[2]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[4]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[5]
HK(IFRIC)-Int 12	Service Concession Arrangements[6]

[1] *Effective for annual periods beginning on or after 1 January 2007*
[2] *Effective for annual periods beginning on or after 1 May 2006*
[3] *Effective for annual periods beginning on or after 1 June 2006*
[4] *Effective for annual periods beginning on or after 1 November 2006*
[5] *Effective for annual periods beginning on or after 1 March 2007*
[6] *Effective for annual periods beginning on or after 1 January 2008*

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities as at 31 December 2006, the validity of which is dependent upon the success of the Group's future operations and its ability to generate adequate cash flows in order to meet its obligations as and when they fall due such that the Group can meet its future working capital. Subsequent the balance sheet date, the Group's operation has generated sufficient cash flows to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

The Group changed its financial year end date from 31 March to 31 December. The financial statements for the current period cover 9 months from 1 April 2006 to 31 December 2006. The comparative amounts shown for the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and related notes cover the year ended 31 March 2006 and therefore, are not with a comparable time period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period from 1 April 2006 to 31 December 2006. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the period has been accounted for using purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post–acquisition results and reserves of associates is included in the income statement and reserves, respectively. The Group's interests in associates are stated in the balance sheet at the Group's share of net assets under equity method of accounting, less any impairment losses. The results of associates are included in the Group's income statement to the extent of dividends received and receivable. The Group's investments in associates are treated as non–current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is initially recognised in the consolidated balance sheet as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash–generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups or units. Each unit or group of units to which the goodwill is so allocated:

– represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

– is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash–generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash–generating unit retained.

An impairment loss recognized for goodwill is not reversed in a subsequent period.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash–generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except that when an item of property, plant and equipment is classified as held for sale, it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight–line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Furniture, fixtures and office equipment, and computer equipment	20% – 33.3%
Motor vehicles	20 – 25%
Moulds	50%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the asset.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalized finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. The rentals payable under the operating leases are charged to theincome statement on the straight-line basis over the lease terms.

Intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Franchise rights

Franchise rights are stated at cost less any impairment losses, and are amortised on the straight–line basis over their estimated useful lives of 4 to 10 years.

Investment and other financial assets

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sales financial assets are those non-derivative financial assets in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed. Available-for-sale financial assets

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, its transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial asset) is derecognised where:

– the rights to receive cash flows from the asset have expired;

– the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

– the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cashsettled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability components is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and components when the instruments are first recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first–in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recongised for all taxable temporary differences, except:

– where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Share-based payment transactions

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employee is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group ("market conditions"), if applicable.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Group's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the period. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into Hong Kong dollars at the weighted average exchange rates for the period.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

6. SEGMENT INFORMATION

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

(i) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the period from 1 April 2006 to 31 December 2006 and the year ended 31 March 2006.

For management purposes, the Group is currently organized into two operating divisions – design, development and sales of location-based technology devices and applications, and distribution of high-end apparel and accessories. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Design, development and sales of location-based technology devices and applications		Distribution of high-end apparel and accessories		Consolidated	
	Period from 1/4/2006 to 31/12/2006	Year ended 31/3/2006	Period from 1/4/2006 to 31/12/2006	Year ended 31/3/2006	Period from 1/4/2006 to 31/12/2006	Year ended 31/3/2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External turnover	543	1,359	18,342	–	18,885	1,359
RESULTS						
Segment results	(360)	(16,879)	363	–	3	(16,879)
Unallocated revenue					5,110	204
Unallocated expenses					(1,490)	(1,051)
Finance costs					(1,799)	–
Profit/(loss) before tax					1,824	(17,726)
Tax					(676)	–
Profit/(loss) for the period/year					1,148	(17,726)

	Design, development and sales of location-based technology devices and applications		Distribution of high-end apparel and accessories		Consolidated	
	31/12/2006	31/3/2006	31/12/2006	31/3/2006	31/12/2006	31/3/2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets:						
Segment assets	1	428	94,395	–	94,396	428
Investment in an associate	–	4	–	–	–	4
Unallocated corporate assets					7,989	22
Total assets					102,385	454
Liabilities:						
Segment liabilities	417	5,950	21,547	–	21,964	5,950
Unallocated corporate liabilities					48,873	330
Total liabilities					70,837	6,280

	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Period from Year ended 31/3/2006 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*	1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Other segment information:						
Capital expenditure	–	9	1,741	–	1,741	9
Depreciation	–	11,194	732	–	732	11,194
Amortisation	–	–	280	–	280	–
Impairment loss	4	–	–	–	4	–

(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 expenditures are derived from operations carried out in Hong Kong. Accordingly, no further geographical segment information is presented in the financial statements except the followings.

	Hong Kong		Taiwan		Other		Consolidated	
	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
TURNOVER								
External turnover	13,798	1,359	5,087	–	–	–	18,885	1,359
RESULTS								
Segment results	1,759	(16,614)	433	–	(368)	(1,112)	1,824	(17,726)
Tax							(676)	–
Profit/(loss) for the period/year							1,148	(17,726)

7. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

An analysis of the Group's turnover, other revenue and gains is as follows:

	Period from 1/4/2006 to 31/12/2006	**Year ended 31/3/2006**
	HK$'000	*HK$'000*
TURNOVER		
Design, development and sales of location–based technology devices and applications	543	1,359
Distribution of high–end apparel and accessories	18,342	–
	18,885	1,359
OTHER REVENUE AND GAINS		
Bank interest income	9	–
Consultancy fee income	72	–
Fair value gain on financial assets at fair value through profit or loss	2,014	–
Fair value gain on derivative financial instruments	92	–
Gain on disposal of financial assets at fair value through profit or loss	398	–
Gain on disposal of subsidiaries	1,698	–
Reversal of provision for doubtful debts	3	2,498
Reversal of write-down of inventories	–	176
Waiver of other loan	1,000	–
Write-off of long outstanding other payables and accruals	–	252
Sundry income	71	204
	5,357	3,130

8. FINANCE COSTS

	Period from 1/4/2006 to 31/12/2006	**Year ended 31/3/2006**
	HK$'000	*HK$'000*
Interest on convertible notes	1,484	–
Interest on bank loans and overdrafts wholly repayable within five years	289	–
Interest on finance leases	26	–
	1,799	–

9. PROFIT/(LOSS) BEFORE TAX

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

	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Cost of inventories sold	7,323	–
Cost of services rendered	62	520
Auditors' remuneration	295	250
Amortisation of intangible assets	280	–
Depreciation of property, plant and equipment	732	11,194
Exchange losses, net	76	10
Minimum lease payments under operating leases on land and buildings	3,962	310
Provision for impairment on investment in an associate	4	–
Write-off of property, plant and equipment	–	5,827
Staff costs (excluding directors' remuneration – *note 10*)		
Salaries and allowances	3,119	1,687
Pension scheme contributions	128	(16)
	3,247	1,671

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The remuneration of each director for the period from 1 April 2006 to 31 December 2006 and the year ended 31 March 2006 are set out below:

Period from 1 April 2006 to 31 December 2006:

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement scheme contribution *HK$'000*	Total *HK$'000*
Executive directors				
Leung Tak Wah	–	190	9	199
Lo Mun Lam, Raymond	200	–	–	200
Yu Wai Yin, Vicky	40	–	–	40
Independent non-executive directors				
Lum Pak Sam	–	–	–	–
Sum Chun Ho, Sam	19	–	–	19
Wan Kwok Pan	14	–	–	14
Non-executive directors				
Duncan Chiu *(note 1)*	–	–	–	–
Richard Yen *(note 1)*	–	–	–	–
Total	273	190	9	472

Year ended 31 March 2006:

	Fees	Salaries and allowances	Retirement scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Tsoi Siu Ching, Leo *(note 2)*	–	–	–	–
Leung Tak Wah	–	260	12	272
Lo Mun Lam, Raymond	–	–	–	–
Yu Wai Yin, Vicky	70	–	–	70
Independent non-executive directors				
Chan Chi Tong *(note 3)*	70	–	–	70
Huang Hai Wen *(note 4)*	64	–	–	64
Liu Kwong Sang *(note 5)*	–	–	–	–
Lum Pak Sum	–	–	–	–
Sum Chun Ho, Sam	35	–	–	35
Wan Kwok Pan	6	–	–	6
Total	245	260	12	517

Notes:

1. Mr. Chiu and Mr. Yen appointed on 27 September 2006.
2. Mr. Tsoi resigned on 31 August 2005.
3. Mr. Chan resigned on 15 September 2005.
4. Mr. Huang resigned on 31 August 2005.
5. Mr. Liu resigned on 8 February 2006.

There was no arrangement under which a director waived or agreed to waive any remuneration during the period/year.

The five individuals whose emoluments were the highest in the Group for the period include two (year ended 31 March 2006: one) directors, details of whose emoluments are set out in above. Details of the emoluments of the remaining three (year ended 31 March 2006: four) are non–directors, highest paid employees of the Group for the period/year are as follows:

	Period from 1/4/2006 to 31/12/2006	Year ended 31/3/2006
	HK$'000	*HK$'000*
Basic salaries, allowances and other benefits in kind	600	675
Retirement benefits scheme contributions	30	31
	630	706

The emoluments of each of the non-director, highest paid individuals for the period from 1 April 2006 to 31 December 2006 and year ended 31 March 2006 fell within Nil to HK$1,000,000 band.

During the period from 1 April 2006 to 31 December 2006 and year ended 31 March 2006, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Retirement benefit costs

The Group operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is defined contribution retirement scheme administrated by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the Scheme vest immediately. At the balance sheet date, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

11. TAX

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. In prior year, no provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in Hong Kong.

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

	Period from 1/4/2006 to 31/12/2006	**Year ended 31/3/2006**
	HK$'000	*HK$'000*
Current provision:		
– Hong Kong	575	–
– Overseas	101	–
	676	–

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rate for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	Period from 1/4/2006 to 31/12/2006		**Year ended 31/3/2006**	
	HK$'000	*%*	*HK$'000*	*%*
Profit/(loss) before tax	1,824		(17,726)	
Tax at the domestic income tax rate	319	17.5	(3,102)	(17.5)
Effect of different tax rates in other jurisdictions	(24)	(1.3)	28	0.9
Income not subject to tax	(471)	(25.8)	–	–
Expenses not deductible for tax	336	18.4	230	7.4
Tax losses not recognized	516	28.3	2,844	9.2
Tax charge at effective rate	676	37.1	–	–

12. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net profit/(loss) attributable to shareholders for the period from 1 April 2006 to 31 December 2006 dealt with in the financial statements of the Company is loss of approximately HK$7,511,000. (year ended 31 March 2006: loss of approximately HK$6,517,000).

13. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the period.

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the net profit for the period from 1 April 2006 to 31 December 2006 of approximately HK$1,148,000 (year ended 31 March 2006: loss of HK$17,726,000) and the weighted average number of 361,577,386 ordinary shares (year ended 31 March 2006: 122,367,968 ordinary shares being adjusted retrospectively for the share consolidation) in issue during the period.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2006 has been retrospectively adjusted for the effect of the share consolidation completed during the period.

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements *HK$'000*	Computer equipment *HK$'000*	Furniture, fixture and office equipment *HK$'000*	Motor vehicles *HK$'000*	Mould *HK$'000*	Total *HK$'000*
Cost:						
At 1 April 2005	–	58,680	86	213	187	59,166
Additions	–	9	–	–	–	9
Write-off	–	(58,689)	(86)	(213)	(187)	(59,175)
At 31 March 2006 and 1 April 2006	–	–	–	–	–	–
Acquired on acquisition of a subsidiary	3,805	–	544	–	–	4,349
Additions	52	–	73	1,616	–	1,741
At 31 December 2006	3,857	–	617	1,616	–	6,090
Accumulated depreciation:						
At 1 April 2005	–	41,677	77	213	187	42,154
Charge for the year	–	11,185	9	–	–	11,194
Write-off	–	(52,862)	(86)	(213)	(187)	(53,348)
At 31 March 2006 and 1 April 2006	–	–	–	–	–	–
Acquired on acquisition of a subsidiary	2,050	–	353	–	–	2,403
Charge for the period	347	–	62	323	–	732
At 31 December 2006	2,397	–	415	323	–	3,135
Net book value:						
At 31 December 2006	1,460	–	202	1,293	–	2,955
At 31 March 2006	–	–	–	–	–	–
At 31 March 2005	–	17,003	9	–	–	17,012

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles at 31 December 2006, approximately amounted to HK$1,293,000 (31 March 2006: Nil).

16. GOODWILL

Group

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

	HK$'000
Arising from acquisition of a subsidiary	75,552
Impairment during the period	–
At 31 December 2006	75,552

17. INTANGIBLE ASSETS

Group

	Franchise rights *HK$'000*
Cost:	
Arising from acquisition of a subsidiary	5,000
At 31 December 2006	5,000
Accumulated amortisation and impairment:	
Amortised for the period	280
At 31 December 2006	280
Net book value:	
At 31 December 2006	4,720

18. INTERESTS IN SUBSIDIARIES

	Company	
	31/12/2006 *HK$'000*	**31/3/2006** *HK$'000*
Unlisted shares, at cost	81,180	–
Due from subsidiaries	102,193	97,629
Due to a subsidiary	(3,915)	–
Impairment in value	(102,193)	(97,629)
	(3,915)	–
	77,265	–

The amounts due from/(to) subsidiaries are unsecured, interest–free and have no fixed terms of repayment. The carrying amounts of the amounts due from/(to) subsidiaries approximate their fair values.

Particulars of the subsidiaries of the Company as at 31 December 2006 are as follows:

Name	Place of incorporation/ registration	Issued and fully paid up capital/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Golife (Hong Kong) Limited	Hong Kong	HK$500,000	100%	–	Distribution of high-end apparel and accessories
Satellite Devices (BVI) Limited	British Virgin Islands	US$3	100%	–	Investment holding
Satellite Devices Limited	Hong Kong	HK$5,000,000	–	100%	Design, development and sales of location-based technology devices and application

19. INVESTMENTS IN ASSOCIATES

	Group 31/12/2006 *HK$'000*	31/3/2006 *HK$'000*
Share of net assets	4	1,474
Amount due to an associate	–	(1,470)
Impairment	(4)	–
	–	4

Particulars of the associate of the Group as at 31 December 2006 are as follows:

Name	Place of incorporation	Issued and fully paid up capital	Equity interest held indirectly	Principal activities
Telematics Systems Limited	Hong Kong	HK$10,000	40%	Dormant

20. INVENTORIES

	Group 31/12/2006 *HK$'000*	31/3/2006 *HK$'000*
Merchandise	2,643	–

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

21. TRADE RECEIVABLES

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

	Group	
	31/12/2006	**31/3/2006**
	HK$'000	*HK$'000*
0 – 30 days	1,710	283
31 – 60 days	499	45
61 – 90 days	–	–
Over 90 days	–	12,719
	2,209	13,047
Less: provision for doubtful debts	–	(12,719)
	2,209	328

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	31/12/2006	**31/3/2006**
	HK$'000	*HK$'000*
Equity investments listed in Hong Kong, at fair value	1,493	–
Derivative financial assets, at fair value	4,697	–
	6,190	–

The derivative financial assets represent some warrants on equity investments listed in Hong Kong and are with maturity date of 21 May 2007.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	31/12/2006		31/3/2006	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash flow hedges				
– foreign currency contracts	92	–	–	–

The Group has two forward currency contracts outstanding at 31 December 2006 to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non–hedging currency derivatives amounting to HK$92,000 was credited to the income statement during the year (year ended 31 March 2006: Nil).

24. TRADE AND BILLS PAYABLES

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

	31/12/2006 *HK$'000*	31/3/2006 *HK$'000*
0 – 30 days	2,433	–
31 – 60 days	367	–
61 – 90 days	16	–
Over 90 days	300	–
	3,116	–

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity or Interest reprice date, whichever is earlier	31/12/2006 *HK$'000*	31/3/2006 *HK$'000*
Current				
Finance lease payables *(note 26)*	3.25%	2007	395	–
Bank overdrafts – secured	best lending rate + 1%	on demand	2,471	–
Bank loans – secured	prime rate + 2%	2007	6,831	–
Trust receipt loans – secured	best lending rate	2007	2,763	–
			12,460	–
Non–current				
Finance lease payables *(note 26)*	3.25%	2008–2011	1,038	–
Bank loans – secured	prime rate + 2%	2008 – 2009	1,747	–
Other loan – unsecured	10%	2007, but early repaid in the period	–	4,775
			2,785	4,775
			15,245	4,775
Analysed into:				
Bank loans and overdrafts payable:				
Within one year or on demand			12,065	–
In the second to fifth years, inclusive			1,747	–
			13,812	–
Other borrowings payable:				
Within one year or on demand			395	–
In the second to fifth years, inclusive			1,038	4,775
			1,433	4,775

The Group's banking facilities are secured by:

(i) personal guarantees provided by directors of a subsidiary of the Group; and

(ii) corporate guarantee provided by the Company and the Group's related company.

26. FINANCE LEASE PAYABLES

The Group leases its motor vehicles for its business. The leases are classified as finance leases and have remaining lease terms ranging from four to five years.

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

	Minimum lease payments 31/12/2006	**Minimum lease payments 31/3/2006**	**Present value of minimum lease payments 31/12/2006**	**Present value of minimum lease payments 31/3/2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	447	–	395	–
In the second year to fifth years, inclusive	1,174	–	1,038	–
Total minimum finance lease payments	1,621	–	1,433	–
Future finance charges	(188)	–		
Total net finance lease payables	1,433	–		
Portion classified as current liabilities *(note 25)*	(395)	–		
Long term portion *(note 25)*	1,038	–		

27. CONVERTIBLE NOTES

On 31 July 2006, the Company issued 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 sheets are calculated as follows:

	Group and Company	
	31/12/2006	**31/3/2006**
	HK$'000	*HK$'000*
Nominal value of convertible notes issued during the period	61,520	–
Equity component	(11,999)	–
Liability component at the issuance date	49,521	–
Redemption during the period	(2,817)	
Interest expenses	1,484	–
Liability component at balance sheet date	48,188	
Equity component at the issuance date	11,999	–
Redemption during the period	(683)	–
Equity component at balance sheet date	11,316	–

On 19 October 2006 and 21 December 2006, the Company redeemed convertible notes with principal amount of HK$2,500,000 and HK$1,000,000, respectively.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the period are as follows:

	Accelerated Tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2005	2,869	(2,869)	–
Charged/(credited) to consolidated income statement	(2,876)	2,876	–
At 31 March 2006 and 1 April 2006	(7)	7	–
Charged/(credited) to consolidated income statement	1	(1)	–
At 31 December 2006	(6)	6	–

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

As at 31 December 2006, the Group had unused tax losses of approximately HK$97,340,000 (31 March 2006: approximately HK$97,339,000) available for offset against future profits. No deferred tax asset was recognized during the period due to the unpredictability of future profit streams (year ended 31 March 2006: HK$40,000). The unrecognized tax losses may be carried forward indefinitely.

29. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
At 1 April 2006, ordinary shares of HK$0.1 each	10,000,000,000	1,000,000
Capital reorganisation *(note a)*	–	(900,000)
At 31 December 2006, ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2006, ordinary shares of HK$0.1 each	658,501,863	65,850
Capital reorganisation *(note a)*	(526,801,490)	(64,533)
Open offer *(note b)*	395,101,116	3,951
At 31 December 2006, ordinary shares of HK$0.01 each	526,801,489	5,268

Notes:

(a) Pursuant to the capital reorganization completed on 22 June 2006, 658,501,863 issued shares were consolidated to 131,700,373 shares on the basis of every 5 shares consolidated into 1 share. The nominal value of each issued consolidated share was then reduced from HK$0.1 each to HK$0.01 each by way of a reduction of capital. Accordingly, an amount of HK$64,533,183 from the share capital account was applied towards the elimination of part of the accumulated losses of the Company.

(b) 395,101,116 new shares of the Company had been issued under the Open Offer on 25 July 2006, proceeds of approximately HK$23.05 million was being raised as working capital. As at 31 December 2006, the total issued share capital of the Company after the Open Offer are 526,801,489 shares.

30. SHARE OPTION SCHEME

The Company adopted a Share Option Scheme (the "Scheme") on 6 March 2002. Under the terms of the Scheme, the board of directors of the Company (the "Board") may, at their discretion, grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contribution to the Group. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 30% of the issued share capital of the Company.

The subscription price will be determined by the Board and will not less than the highest of (i) the nominal value of the shares on the date of the offer, (ii) the closing price of the shares on the date of grant of the options, and (iii) the average of the closing prices of the shares on the five business days immediately preceding the date of offer of the options. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12–month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. The Scheme is valid and effective for a period of ten years from the listing of the Company's shares on the GEM on 26 March 2002. Any options granted under the

Scheme may be exercised at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the date of grant of the option. Upon acceptance of the option, the grantee must pay HK$1.00 to the Company by way of consideration for the grant.

At the balance sheet date, no share option was granted under the Scheme since its adoption.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current period and prior year are presented in the consolidated statement of changes in equity on page 29 of the financial statements.

Company

	Share premium *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 April 2005	34,698	(94,338)	(59,640)
Net loss for the year	–	(6,517)	(6,517)
At 31 March 2006 and 1 April 2006	34,698	(100,855)	(66,157)
Capital reorganization	–	64,533	64,533
Issue of shares on open offer	21,730	–	21,730
Share issuance costs	(786)	–	(786)
Net loss for the period	–	(7,511)	(7,511)
At 31 December 2006	55,642	(43,833)	11,809

Note:

The share premium account of the Company is the premium from the shares issued. Under the Companies Law of the Cayman Islands, the share premium is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when fall due in the ordinary course of business.

At 31 December 2006, in the opinion of the directors, the Company's reserves available for distributions to shareholders amounted to HK$11,809,000.

32. ACQUISITION OF A SUBSIDIARY

On 31 July 2006, the Company acquired 100% equity interest in Golife (Hong Kong) Limited (formerly known as "Hip Kin Retailing Limited"). This transaction has been accounted for by the purchase method.

The net assets acquired, being the fair value, in the transaction, and goodwill on acquisition, are as follows:

	Carrying amount of the acquiree *HK$'000*	Fair value adjustment *HK$'000*	Fair value of the acquiree *HK$'000*
Net assets acquired comprised:			
Property, plant and equipment	1,946	–	1,946
Intangible assets	–	5,000	5,000
Inventories	5,480	–	5,480
Trade receivables	1,469	–	1,469
Deposit, prepayments and other receivables	10,265	–	10,265
Cash and bank balances	474	–	474
Trade payables	(1,774)	–	(1,774)
Other payables and accruals	(3,820)	–	(3,820)
Tax payable	(3,165)	–	(3,165)
Bank overdrafts	(2,176)	–	(2,176)
Bank loans	(2,151)	–	(2,151)
Trust receipts loans	(5,920)	–	(5,920)
Net assets acquired	628	5,000	5,628
Goodwill arising on acquisition			75,552
			81,180
Satisfied by:			
Cash consideration			19,660
Convertible notes			61,520
			81,180

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(19,660)
Cash and bank balances acquired	474
Bank overdrafts acquired	(2,176)
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(21,362)

33. DISPOSAL OF SUBSIDIARIES

	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Net liabilities disposal of:		
Amounts due to group companies	(3,193)	–
	(3,193)	–
Realisation of reserves	15	–
Gain on disposal of subsidiaries	1,698	–
Amounts waived by group companies	1,480	–
	–	–
Satisfied by:		
Cash	–	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Cash consideration	–	–
Cash and bank balances disposed of	–	–
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	–	–

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) During the period, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of approximately HK$1,616,000 (31 March 2006: Nil).

(b) During the period, the Group settled the part of the purchase consideration for acquisition of Golife (Hong Kong) Limited of approximately HK$61,520,000 by issue of convertible notes with nominal value of HK$61,520,000.

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balance detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period/year:

	Group Period from 1/4/2006 to 31/12/2006 *HK$'000*	Year ended 31/3/2006 *HK$'000*
Management fee charged by a related company	495	–

Management fee was charged at a rate mutually agreed between the Group and the related company in which certain directors of the Company's subsidiary have beneficial interests.

(b) At the balance sheet date, the Group's related company has guaranteed the trust receipt loans and bank overdrafts made to the Group's subsidiary up to HK$4,000,000 and HK$1,000,000, respectively (31 March 2006: Nil) at nil consideration.

36. LITIGATION

On 29 June 2005, a landlord issued writ against Satellite Devices Limited, a wholly owned subsidiary of the Company, to claim for the arrears of rent, rates, air-conditioning and management fee, reinstatement costs and late payment interest for a total amount of approximately HK$331,000. Full provision for this amount had been made in the financial statements.

Apart from the action against the Group disclosed above, there are no other material outstanding writs and litigations against the Group and/or the Company.

37. CONTINGENT LIABILITIES

At the balance sheet date, the Company has given unlimited corporate guarantees (31 March 2006: Nil) to banks to secure the banking facilities granted to its subsidiaries. Facilities amounting to HK$5,429,000 (31 March 2006: Nil) were utilized at the balance sheet date.

38. OPERATING LEASE ARRANGEMENTS

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

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

	31/12/2006 *HK$'000*	31/3/2006 *HK$'000*
Within one year	6,301	93
In the second to fifth years, inclusive	4,618	77
	10,919	170

The operating lease rentals of certain retail shops in Hong Kong are based on the higher of a fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these retail shops could not be accurately determined, the relevant contingent rents have not been included above and only the minimum lease commitments have been included in the above table.

The operating lease rentals of certain retail shops in Taiwan are based solely on the sales of the outlets. In the opinion of the directors of the Group, as the future sales of the retail outlets could not be accurately estimated, the relevant rental commitments have not been included above table.

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group had the following commitments at the balance sheet date:

Commitments under license agreements in respect of two brand name products are:

	31/12/2006	**31/3/2006**
	HK$'000	*HK$'000*
Minimum purchases:		
Within one year	19,072	–
In the second to fifth years, inclusive	86,151	
Beyond five years	6,649	–
	111,872	–

40. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to 31 December 2006:

(a) On 21 February 2007, Profit First Investments Limited ("Profit First"), a wholly owned subsidiary of the Company, has entered into an agreement with Zion Worldwide Limited ("Zion Worldwide") to establish LOC Limited ("LOC") which will be principally engaged in the wholesale, design, sourcing, merchandise planning and marketing of lifestyle consumer products including but not limited to jewellery and accessories under the Trademarks (the "Business"). LOC are owned by Profit First and Zion Worldwide in equal shares. Profit First has agreed to pay an earn–out payment to Zion Worldwide while Zion Worldwide has agreed to transfer and assign to LOC the Trademarks and all the Intellectual Property of "Business" at a consideration of HK$1. Further details of the transaction are also set out in a circular and an announcement of the Company dated 16 March 2007 and 23 February 2007, respectively.

(b) On 19 January 2007 the Company redeemed convertible notes with principal amount of HK$1,000,000.

(c) On 13 March 2007, convertible notes with principal amount of HK$37,100,000 converted into 371,000,000 ordinary shares at the conversion price of HK$0.10 per share. After issurance of 371,000,000 conversion shares, the Company's issued ordinary shares have been increased from 526,801,488 to 898,101,488.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's overall risk management programme seeks to minimize potential adverse effects on the financial performance of the Group.

(i) Cash flow and fair value interest rate risk

Interest rate risk refers to the risk experienced by the Group as a result of the fluctuation in interest rates. Currently, the Group does not have a hedge policy. However, the management monitors interest rate exposure and will consider hedging significant bank borrowings when the need arises.

(ii) Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than Hong Kong dollars. The currencies giving rise to this risk are primarily Euro, Pound Sterling and New Taiwan Dollar.

Certain trade receivables, payables and trade related transactions of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

(iii) Credit risk

The Group has no significant concentration of credit risk. The Group deals mainly with retail customers who pay with cash and credit cards. The Group's accounts receivable mainly represented by receivables from banks in respect of sales settled by customers through credit cards in Hong Kong and shopping malls that collected sales proceeds in Taiwan on behalf of the Group.

(iv) Liquidity risk

The Group aims to manage its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. Short term funding is obtained from bank overdraft and trade financing facilities.

(v) Commodity price risk

The Group's exposure to commodity price risk is minimal.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2007.

III. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below are the unaudited consolidated financial statements of the Group, together with the relevant notes thereto, as extracted from the third quarterly report of the Company for the nine months ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended		Nine months ended	
		30 Sep 2007	**31 Dec 2006**	**30 Sep 2007**	**31 Dec 2006**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Notes	(unaudited)	(unaudited)	(unaudited)	(audited)
Turnover	*3*	17,427	11,082	39,454	18,885
Cost of sales		(5,998)	(5,165)	(13,845)	(7,385)
Gross profit		11,429	5,917	25,609	11,500
Other revenue	*3*	2,702	4,042	6,071	5,357
Selling and distribution costs		(1,558)	(478)	(2,085)	(994)
Administrative expenses		(14,032)	(7,252)	(29,353)	(12,240)
Finance costs	*4*	(346)	(1,720)	(1,254)	(1,799)
Share of loss from JV		(180)	–	(233)	–
Profit/(loss) before tax	*5*	(1,985)	509	(1,245)	1,824
Taxation	*6*	(213)	(407)	(734)	(676)
Profit/(loss) attributable to shareholders		(2,198)	102	(1,979)	1,148
EBITDA		(1,010)	2,977	1,445	4,635
Interim dividend	*7*	Nil	Nil	Nil	Nil
Earnings/(loss) per share	*8*				
– basic (cents)		(0.18)	0.02	(0.20)	0.32
– diluted (cents)		N/A	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. 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 A, 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated 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 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.

	Nine months ended 30 September 2007 and 31 December 2006					
	Design, development and sales of location-based technology devices and applications		**Distribution of high-end apparel and accessories**		**Consolidated**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External customers	62	543	39,392	18,342	39,454	18,885
RESULTS						
Segment results	62	(360)	(1,405)	363	(1,343)	3
Unallocated revenue					6,071	5,110
Unallocated expenses					(4,719)	(1,490)
Finance costs					(1,254)	(1,799)
Profit/(Loss) before tax					(1,245)	1,824
Tax					(734)	(676)
Profit/(Loss) for the period					(1,979)	1,148

(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 turnover was derived from Hong Kong as follows:–

	Nine months ended 30 September 2007 and 31 December 2006					
	Hong Kong		**Taiwan**		**Consolidated**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External customers	30,941	13,798	8,513	5,087	39,454	18,885
RESULTS						
Segment results	(3,336)	1,391	2,091	433	(1,245)	1,824

Revenue

	Three months ended		Nine months ended	
	30 Sep 2007	**31 Dec 2006**	**30 Sep 2007**	**31 Dec 2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
TURNOVER				
Design, development and sales of location-based technology devices and applications	–	55	62	543
Distribution of high-end apparel and accessories	17,427	11,027	39,392	18,342
	17,427	11,082	39,454	18,885
OTHER REVENUE				
Bank interest income	11	–	13	9
Consultancy fee income	–	–	–	72
Fair value gain on financial assets at fair value through profit or loss	346	1,827	346	2,014
Fair value gain on derivative financial instruments	–	–	–	92
Gain on disposal of financial assets at fair value through profit or loss	1,603	390	5,040	398
Gain on disposal of subsidiaries	392	–	392	1,698
Reversal of provision for doubtful debts	–	–	–	3
Waiver of other loan	–	–	–	1,000
Sundry income	117	1,825	280	71
	2,469	4,042	6,071	5,357
	19,896	15,124	45,525	24,242

4. FINANCE COSTS

	Three months ended		Nine months ended	
	30 Sep 2007	**31 Dec 2006**	**30 Sep 2007**	**31 Dec 2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on convertible notes	–	1,484	498	1,484
Interest on bank loans and overdrafts repayable within five years	346	236	756	315
	346	1,720	1,254	1,799

5. PROFIT/(LOSS) BEFORE TAX

	Three months ended		Nine months ended	
	30 Sep 2007	**31 Dec 2006**	**30 Sep 2007**	**31 Dec 2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation	460	580	931	732
Amortisation of intangible assets	169	168	505	280
Operating lease rentals in respect of land and buildings	3,774	2,180	9,357	3,962
Employee benefit expense:				
Salaries and allowances	2,405	1,868	6,876	3,119
Retirement scheme contribution	68	(31)	310	128
	2,473	1,837	7,186	3,247

6. TAXATION

	Three months ended		Nine months ended	
	30 Sep 2007	**31 Dec 2006**	**30 Sep 2007**	**31 Dec 2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Charge for the period				
Hong Kong	131	340	637	575
Overseas	82	67	97	101
	213	407	734	676

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.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (nine months ended 31 December 2006: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share for the nine months ended 30 September 2007 is based on the Company's loss attributable to shareholders of approximately HK$1,979,000 (2006: profit of HK$1,148,000) and weighted average number of 997,015,042 ordinary shares (2006: 361,577,386 ordinary shares) in issue during the period.

9. MOVEMENTS OF RESERVES

	Share capital	**Share premium**	**Exchange reserve**	**Convertible notes reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2007	5,268	55,642	–	11,316	(40,678)	31,548
Conversion of Conversion Notes	5,702	53,300	–	(11,316)	–	47,686
Issue of shares on placing	1,500	23,250	–	–	–	24,750
Cost of placing	–	(335)	–	–	–	(335)
Loss for the year	–	–	–	–	(1,979)	(1,979)
As at 30 September 2007	12,470	131,857	–	–	(42,657)	101,670

I. WORKING CAPITAL

The Directors are of the opinion that, having regard to the financial resources available to the Enlarged Group, including internally generated funds, the banking facilities and other facilities available, the proceeds from the proposed rights issue and the proposed issue of the convertible bonds as announced by the Company on 4 February 2008 and 20 February 2008 respectively, the Enlarged Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

II. MATERIAL CHANGES

The Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited accounts of the Group were made up.

III. INDEBTEDNESS OF THE GROUP AND THE ENLARGED GROUP

In the following section, amounts denominated in EUR have been converted for the purpose of illustration only, into HK$ in the rate of EUR1 = HK$11.58.

Borrowings

As at the close of business on 31 January 2008, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$20,524,000. These borrowings comprised of secured interest bearing bank borrowings of HK$19,508,000, and finance lease obligations of HK$1,016,000. The bank borrowings are secured by personal guarantees provided by directors of a subsidiary of the group and corporate guarantee provided by the Company and the Group's related company. The net book value of the assets held under finance leases amounted to HK$943,000 as at 31 January 2008.

As at the close of business on 31 January 2008, the Financière Solola Group had outstanding borrowings of approximately EUR2,605,000 (equivalent to approximately HK$30,165,900). These borrowings comprised of convertible bonds of approximately EUR1,400,000 (equivalent to approximately HK$16,212,000), syndicated loans of approximately EUR988,000 (equivalent to approximately HK$11,441,040), secured interest bearing bank borrowings of approximately EUR113,000 (equivalent to approximately HK$1,308,540) and accrued interests of approximately EUR104,000 (equivalent to approximately HK$1,204,320). The syndicated loans are secured by a pledge of 99.7% equity interest in a subsidiary of the Financière Solola Group and a delegation of the insurance policy of the director. The bank borrowings are secured by pledge on the business of the Financière Solola Group's shops.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 31 January 2008.

Contingent liabilities

As at 31 January 2008, the Group had no material contingent liabilities.

As at 31 January 2008, the Financière Solola Group had the following contingent liabilities:

During the period ended 30 September 2007, a tax field audit had been performed by France Tax Bureau on a subsidiary of the Financière Solola Group for the three financial years of 2004, 2005 and 2006. Pursuant to two letters subsequently issued by France Tax Bureau on 26 October 2007 and 8 January 2008 respectively, an additional tax assessment with interest thereon of EUR121,000 (equivalent to approximately HK$1,401,180) has been raised on the Financière Solola Group, with a view that certain provision on slow-moving inventory made by the Financière Solola Group was non-deductible.

The directors of the Financière Solola Group disagreed on the additional assessment as consistent accounting policy has been applied for inventory provision throughout all periods. The Financière Solola Group is making appeal against the whole amount of the additional tax assessment. Nevertheless, the Financière Solola Group has made provision of EUR60,000 (equivalent to approximately HK$694,800) for such additional tax exposure in the nine months ended 30 September 2007. The directors of the Financière Solola Group consider that the remaining liabilities of EUR61,000 (equivalent to approximately HK$706,380) will not be crystalised. Up to 31 January 2008, a conclusion of the tax appeal has not been reached with the France Tax Bureau.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 January 2008, the Group and the Financière Solola Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other contingent liabilities.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS OF THE GROUP

The following is the management discussion and analysis of the Group principally extracted from the annual reports of the Company for each of the two years ended 31 March 2006 and the nine months period ended 31 December 2006.

(i) FOR THE YEAR ENDED 31 MARCH 2005

FINANCIAL REVIEW

During the year under review, the Group was engaged in the design, development and sale of location based technology devices and applications in Hong Kong. The market conditions of the business remained harsh and very competitive.

The Group recorded a turnover of approximately HK$1.44 million for the year ended 31 March 2005, representing a decrease of approximately HK$13.33 million or 90% as compared with last year's HK$14.78 million. The loss attributable to shareholders is approximately HK$17.16 million.

Due to the growth of business in car security monitoring market of the Group, a self-owned and well equipped control centre was set up to meet its demand. A team of well-trained control centre operators serves the clients 24 hours a day; 7 days a week. The Company believed that its services had improved after taken up the role of car security monitoring from its co-partner.

The hard effort in developing the Company's products and services in target segment went on. The number of subscribers for the Company's services had gradually increased especially after the cooperation with Canful Motors Limited. The Company kept close touch with other great luxurious private car dealers to seek for opportunity to enhance its business with them.

The Group has been re-engineering its products by developing GPRS solution replacing currently using SMS message. The costs for communication channel will substantially be reduced.

With the continued improvement of the economics in Hong Kong, the import of great luxurious private car becomes more favorable. It is believed that the demand for security monitoring system would increase. Nevertheless, the prospect for the security monitoring industry is still challenging due to keen competition from local and PRC competitors. As such, the Group would stay vigilant over the market environment and would maintain a prudent and conservative approach to its business.

In order to improve the Group's operating results, the Group will continue to implement stringent cost control measures.

SEGMENTAL INFORMATION

No business or geographical segment information has been presented for the year ended 31 March 2005, as the Directors considered that substantially all the Groups' turnover and contribution to results were derived from the design, development and sales of location-based technology devices and applications in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2005, the Group had total assets of approximately HK$17.8 million, current liabilities of approximately HK$12.7 million and shareholders' fund amounting to approximately HK$5.1 million. The ratio of total liabilities over the shareholders' funds was at 2.47 as at 31 March 2005.

Currents assets amounted to approximately HK$0.8 million which mainly comprised inventories of approximately HK$0.3 million and cash and bank balance of approximately HK$0.1 million. The working capital ratio was 0.06 as at 31 March 2005.

The Group had no banking facilities available or any bank loans outstanding as at 31 March 2005.

The Directors believe that the Group has a strong financial position. The Group is comfortable that existing financial resources will be sufficient for future expansion plans. Should other opportunities arise requiring additional funding, the Directors believe the Group is in a good position to obtain financing on favorable terms.

CAPITAL STRUCTURE AND EXPOSURE TO FOREIGN EXCHANGE RISK

There has been no change in the capital structure of the Company during the year ended 31 March 2005. The capital of the Company comprises only ordinary shares.

The revenues of the Group were denominated mostly in Hong Kong Dollars. The Group had minimal exposure to foreign exchange fluctuations.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the year, the Group had no significant investments and no material acquisitions or disposal of subsidiaries.

EMPLOYEES

As at 31 March 2005, the Group had a total of 20 employees.

Employees in both Hong Kong and Mainland China are remunerated according to their performance and work experience. In addition to basic salaries, staff benefits including medical scheme, share options and performance bonus.

CHARGE OF ASSETS

As at 31 March 2005, there was no charge made on the Group's assets.

CONTINGENT LIABILITIES

As at 31 March 2005, there was no material contingent liability outstanding.

(ii) FOR THE YEAR ENDED 31 MARCH 2006

FINANCIAL REVIEW

The Group continued to focus on the security monitoring services and recorded an audited consolidated turnover of HK$1,359,000 which was at a similar level of last year. The loss attributable to Shareholders of the Company of HK$17.73 million was also at a similar level of last year. For the year ended 31 March 2006, staff cost reduced by approximately HK$0.5 million and the recovery of bad debt provision of HK$2.5 million was also recorded. These savings were offset by the provision made against out-dated equipment and software of HK$5.83 million.

SEGMENTAL INFORMATION

No business or geographical segment information has been presented for the year ended 31 March 2006, as the Directors considered that substantially all the Groups' turnover and contribution to results were derived from the design, development and sales of location-based technology devices and applications in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has total assets of approximately HK$0.5 million, current liabilities of approximately HK$1.5 million, non-current liabilities of approximately HK$4.8 million and shareholders' deficits amounting to approximately HK$5.8 million.

Current assets amounted to approximately HK$0.5 million which mainly comprised of trade receivable and cash and bank balance of approximately HK$0.3 million and HK$0.1 million respectively. The working capital ratio was 0.3 as at 31 March 2006.

The Group had no banking facilities available or any bank loan outstanding as at 31 March 2006.

CAPITAL STRUCTURE AND EXPOSURE TO FOREIGN EXCHANGE RISK

The Board announced on 25 November 2005 that the Company and Executive Talent Limited (the "Creditor") entered into a deed on 10 October 2005 whereby the Company proposed to issue 67,585,863 shares (the "Loan Shares") at HK$0.1 each to the Creditor as full repayment of a loan owed by the Company to the Creditor (the "Loan Capitalisation"). The Loan Shares represent approximately 11.44% of the issued share capital of the Company prior to the completion of the Loan Capitalisation and approximately 10.26% of the enlarged share capital of the Company upon completion of the Loan Capitalisation which took place on 9 December 2005. It was also announced that the Board intended to put forward proposals to the Shareholders in relation to the (1) proposed capital reorganization; (2) proposed open offer; and (3) proposed acquisition. All the proposals were submitted to the Shareholders for their approval in the extraordinary general meeting of the Company held on 20 April 2006. All the special resolutions proposed at the above mentioned extraordinary general meeting were approved and the proposed capital reorganization of the Group became effective on 22 June 2006.

The revenue of the Group was denominated mostly in Hong Kong Dollars. The Group has minimal exposure to foreign exchange fluctuations.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

As reported in the circular to the Shareholders dated 27 March 2006, the Group proposed to acquire the entire share interest of Hip Kin Retailing Limited. The proposed acquisition was approved by the Shareholders at the EGM of 20 April 2006. Hip Kin Retailing Limited has been the exclusive distribution of (i) London based Anya Hindmarch, a brand offering chic designer ladies handbags, leather accessories, luggage, shoes and apparel, in Hong Kong since 1995 and in Taiwan since 2002; (ii) Paris-based Paule Ka, a women's wear design house offering a "young couture" style that appeal to women who opt for subtly elegant designer apparel, in Hong Kong since 2002. The whole consideration was HK$80 million, payable in cash and convertible notes upon completion.

Save as disclosed above, the Group had no significant investments and no material acquisition or disposal of subsidiaries during the year.

EMPLOYEES

The Group had a total of 15 employees as compared with 20 in prior year.

Employees in both Hong Kong and Mainland China were remunerated according to their performance and work experience.

CHARGES ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2006, there was no charge made on the Group's assets and any material contingent liability outstanding.

(iii) FOR THE NINE MONTHS ENDED 31 DECEMBER 2006

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

FINANCIAL REVIEW

Turnover of the Group was approximately HK$18,885,000 for the period, representing an increase of 1,290% against the year ended 31 March 2006. The Group turned around its business to report profit attributable to shareholders of HK$1,148,000 against loss attributable to shareholders of HK$17,726,000 in prior year. Excluding an interest charge of HK$1,484,000, which was arising from the remeasurement of the fair value of liabilities component of convertible notes amounting to HK$49,521,000, profit attributable to shareholders would be HK$2,632,000. Subsequent to the year-end, HK$37,100,000 of the convertible notes, of which the convertible price is HK$0.1, have been converted. Should the remaining convertible notes be fully converted within 2007, no similar charge will be made in the profit and loss account.

The Group's improved financial results is owed mainly to the acquisition of 100% equity interest in Golife (Hong Kong) Limited completed on 30 July 2006 ("the Golife Acquisition").

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and bank balances of HK$3.43 million as at 31 December 2006. To achieve a higher return for working capital, the Group also held short-term investments, mainly derivatives and equity listed in Hong Kong, totaling HK$6.2 million. The gearing ratio of the Group was 2.25, which was calculated based on the Group's total liability divided by the shareholders' fund.

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

CAPITAL STRUCTURE AND EXPOSURE TO FOREIGN EXCHANGE RISK

Pursuant to the capital reorganization completed on 22 June 2006, 658,501,863 issued shares were consolidated to 131,700,373 shares on the basis of every 5 shares consolidated into 1 share. The nominal value of each issued consolidated share was then reduced from HK$0.1 each to HK$0.01 each by way of a reduction of capital. Accordingly, an amount of HK$64,533,183 from the share capital account was applied towards the elimination of part of the accumulated losses of the Company.

395,101,116 new shares of the Company had been issued under the open offer on 25 July 2006. As at 31 December 2006, the total issued share capital of the Company after the open offer were 526,801,489 shares.

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than Hong Kong dollars. The currencies giving rise to this risk are primarily Euro, Pound Sterling and New Taiwan Dollar. Certain trade receivables, payables and trade related transactions of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group made an open offer of 395,101,116 shares and raised net proceeds of HK$23.73 million. HK$18.48 million of the proceeds was used for the Golife Acquisition; the balance of HK$5.25 million as working capital of the Group out of which HK$1.85 million earmark for brand marketing. The Group's financial position has strengthened as a result of these transactions.

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

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

SEGMENTAL INFORMATION

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

For business segment, the Group is currently organized into two operating divisions – design, development and sales of location-based technology devices and applications, and distribution of high-end apparel and accessories. The former contributed slightly less than 3% to the Group's turnover following the acquisition of Hip Kin Retailing Limited.

For geographical segment, 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.

EMPLOYEES

The Group had a total number of 38 employees as at 31 December 2006.

Employees in both Hong Kong and Taiwan are remunerated according to their performance and work experience. In addition to basic salaries, staff benefits including medical scheme, share options and performance bonus.

CHARGE OF ASSETS

As at 31 December 2006, there was no charge made on the Group's assets.

CONTINGENT LIABILITIES

The Company has given unlimited corporate guarantees to banks to secure the banking facilities granted to its subsidiaries. Facilities amounting to HK$5,429,000 were utilized at the balance sheet date.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

The Group is committed to continue to seek and identify selected unique fashion accessories and apparel brands with character, market potential and longevity to form combinations of distribution, product development and equity partnerships. The Group will in the next two years invest heavily in strengthening its product development capabilities through setting up design studios, sourcing and logistics centres. The Group is also formulating plans to commence setting up of a scalable point-of-sales network in mainland China in 2008 which aims to expand to approximately 50 points-of-sales network by 2009.

On 19 November 2007, the Company announced the acquisition of 96.57% interest in the Financière Solola Group.

The Directors consider that the acquisition provides the Group with an opportunity of owning an established French brand with an existing distribution network in Europe as well as design and product development capabilities. In view of the Group's intention of expanding its overall point-of-sales network as well as immediate development in mainland China, the Directors believe that the acquisition will not only enhance the Group's financial performance, it also represents growth potential for the Group to introducing the products of Financière Solola to the markets in Greater China, particularly mainland China. Hence, upon Completion, the Group will embark on plan to develop its point-of-sales network of up to 100 in Greater China in the next few years. In addition, the Directors also expect the acquisition will create synergies of product design and development with the Group's other licensed or equity-partnership brands in terms of consolidating Financière Solola's sourcing operations.

The following is the text of a report received from the reporting accountants of the Company, Cheung & Siu, Certified Public Accountants, Hong Kong, for the sole purpose of incorporation in this circular

Cheung & Siu **Certified Public Accountants *(Practising)***
張、蕭會計師事務所

Room A,15th Floor
Fortis Bank Tower
77-79 Gloucester Road
Wanchai
Hong Kong

8 March 2008

The Board of Directors
Golife Concepts Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Financière Solola SA ("FS") and its subsidiaries (hereafter collectively referred to as the "FS Group") for each of the three years ended 31 December 2004, 2005 and 2006 and for the nine months ended 30 September 2007 (the "Relevant Period") for inclusion in the circular issued by Golife Concepts Holdings Limited (the "Company") dated 8 March 2008 (the "Circular") in connection with the proposed acquisition of 96.57% issued share capital and the convertible bonds of FS.

FS is a limited company established in France on 31 January 2003 with limited liability under the Bobigny Trade and Companies Registry and acted as an investment holding company. The registered office and principal acitivities of the FS Group is located at 57 Avenue Michelet Saint Ouen France.

As at the date of this report, FS has the following subsidiaries, all of which are private limited liabilities companies established and operated in France.

Name of subsidiary	**Date of establishment**	**Registered capital**	**Attributable equity interest held by** Directly	Indirectly	**Principal activities**
S.A.S Solola ("Solola")	France 1 November 1990	€200,000	100.0%	–	Design and sale of women's fashion apparel
SARL Rose Mousse ("RM")	France 13 September 1996	€38,000	–	100.0%	Design and sale of women's fashion apparel
The SCI Du 57 Avenue Michelet Saint Ouen ("SCI")	France 14 June 1989	€8,000	0.2%	99.8%	Property holding

No audited financial statements have been prepared for the RM and SCI as there are no statutory audit requirements. The statutory financial statements of the FS and Solola were prepared in accordance with the relevant accounting principles generally accepted in France. The statutory financial statements of the FS and Solola were audited by certified public accountants as follows:

Name of company	Financial year/period	Auditors
FS	For 24 months ended 31 December 2004	Deloitte & Associés
	Each of years ended 31 December 2005 and 2006	Philippe Touchais, Chartered Accountant
Solola	Each of years ended 31 December 2004, 2005, 2006	Philippe Touchais, Chartered Accountant

For the purpose of this report, the directors of FS has prepared consolidated financial statements of the FS Group for the three years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007 in accordance with International Financial Reporting Standards (the "Underlying Financial Statements"). The directors of FS are responsible for preparing the Underlying Financial Statements which give a true and fair view. In preparing these Underlying Financial Statements, it is fundamental that appropriate accounting policies are selected and applied consistently. We have performed independent audit procedures on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The directors of FS are responsible for the Financial Information. The Directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. However, the evidence available to us was limited because we are unable to carry out necessary procedures to verify the existence of inventories amounting to €625,000, €413,000 and €538,000 as at 31 December 2004, 2005 and 2006, respectively, because we had not attended the stocktake at those dates and there were no satisfactory audit procedures that we could adopt to satisfy ourselves as to the existence of such inventories. Any adjustments to the inventories as at 31 December 2004, 2005 and 2006 would also affect the consolidated results and cash flows of FS Group for the Relevant Period.

Qualified opinion arising from limitation of audit scope

In our opinion, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning existence of inventories as at 31 December 2004, 2005 and 2006, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the FS Group as at 31 December 2004, 2005 and 2006 and 30 September 2007 and of the consolidated results and cash flows of the FS Group for each of the three years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007.

The comparative consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statements of the FS Group for the nine months ended 30 September 2006, together with the notes thereto, (the "30 September 2006 Financial Information"), were prepared by the directors of FS solely for the purpose of this report. We have reviewed the 30 September 2006 Financial Information in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the HKICPA. Our review consisted principally of making enquiries of the management of FS Group and applying analytical procedures to the 30 September 2006 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 September 2006 Financial Information.

The scope of our review was limited because we have not been able to obtain sufficient evidence in respect of the value of inventory as at 30 September 2006. Accordingly, we are unable to determine if the figure of cost of sale of €2,788,000 for the nine months ended 30 September 2006 is fairly stated.

Modified review conclusion arising from limitation of review scope

On the basis of our review which does not constitute an audit, with the exception of the possible adjustments that might have been determined to be necessary had the above limitation not existed, we are not aware of any material modification that should be made to the 30 September 2006 Financial Information.

A. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

		Year ended 31 December			Nine months ended 30 September	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
REVENUE	*4*	8,607	8,219	8,554	7,744	7,338
Cost of sales		(2,752)	(3,032)	(3,136)	(2,788)	(2,747)
Gross profit		5,855	5,187	5,418	4,956	4,591
Other income and gains	*4*	187	145	57	92	73
Selling and Distribution costs		(1,344)	(1,278)	(1,350)	(1,035)	(1,258)
Administrative expenses		(3,620)	(3,381)	(3,270)	(2,648)	(2,617)
Finance costs	*6*	(196)	(174)	(149)	(112)	(96)
PROFIT BEFORE TAX	*5*	882	499	706	1,253	693
Tax	*8*	(208)	(164)	(231)	(415)	(304)
NET PROFIT FOR THE YEAR/PERIOD		674	335	475	838	389
DIVIDEND		–	–	–	–	–

CONSOLIDATED BALANCE SHEETS

		As at 31 December			As at 30 September
		2004	2005	2006	2007
	Notes	*€'000*	*€'000*	*€'000*	*€'000*
		(audited)	(audited)	(audited)	(audited)
NON-CURRENT ASSETS					
Fixed assets	*9*	1,262	1,133	1,026	911
Goodwill	*10*	1,702	1,702	1,702	1,702
Rights to lease	*11*	875	990	1,237	1,322
Long term receivables		106	117	123	127
TOTAL NON-CURRENT ASSETS		3,945	3,942	4,088	4,062
CURRENT ASSETS					
Inventories	*12*	625	413	538	658
Trade receivables	*13*	417	426	658	1,670
Prepayment, deposits and other receivables		408	790	343	285
Tax Receivable		134	44	–	–
Financial assets	*14*	1,212	1,308	1,097	255
Cash and bank		1,016	579	1,087	1,251
TOTAL CURRENT ASSETS		3,812	3,560	3,723	4,119
CURRENT LIABILITIES					
Accounts payable	*15*	365	258	311	672
Accruals and other payables		577	426	508	548
Tax payables		–	–	219	302
Interest-bearing bank and other borrowings	*16*	576	553	544	544
TOTAL CURRENT LIABILITIES		1,518	1,237	1,582	2,066
NET CURRENT ASSETS		2,294	2,323	2,141	2,053
TOTAL ASSETS LESS CURRENT LIABILITIES		6,239	6,265	6,229	6,115
NON-CURRENT LIABILITIES					
Convertible bonds	*17*	1,120	1,160	1,202	1,235
Interest-bearing bank and other borrowings	*16*	1,985	1,645	1,101	569
Deferred tax liabilities	*18*	166	150	134	123
Other long term liabilities		22	29	36	43
TOTAL NON-CURRENT LIABILITIES		3,293	2,984	2,473	1,970
NET ASSETS		2,946	3,281	3,756	4,145
EQUITY					
Capital	*19*	1,456	1,456	1,456	1,456
Equity component of convertible bonds	*17*	233	233	233	233
Retained earnings		1,257	1,592	2,067	2,456
TOTAL EQUITY		2,946	3,281	3,756	4,145

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Equity component of convertible bonds	Retained earning	Total
	€'000	*€'000*	*€'000*	*€'000*
At 1 January 2004	1,456	233	583	2,272
Profit for the year	–	–	674	674
At 31 December 2004 and 1 January 2005	1,456	233	1,257	2,946
Profit for the year	–	–	335	335
At 31 December 2005 and 1 January 2006	1,456	233	1,592	3,281
Profit for the year	–	–	475	475
At 31 December 2006 and 1 January 2007	1,456	233	2,067	3,756
Profit for the period	–	–	389	389
At 30 September 2007	1,456	233	2,456	4,145
For the nine months ended 30 September 2006 (Unaudited)				
At 1 January 2006	1,456	233	1,592	3,281
Profit for the period	–	–	838	838
At 30 September 2006	1,456	233	2,430	4,119

CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	882	499	706	1,253	693
Adjustments for:					
Depreciation	184	170	171	127	113
Finance costs	196	174	149	112	96
Interest income	(7)	(7)	(2)	(1)	(8)
Reversal of impairment of trade receivables	(68)	–	–	–	–
Impairment of trade receivables	–	10	22	18	–
Reversal of impairment for inventories	–	–	–	–	(33)
Impairment of inventories	255	50	1	46	–
Operating cash flows before movements in working capital	1,442	896	1,047	1,555	861
Decrease/(increase) in inventories	(683)	162	(126)	(298)	(87)
Decrease/(increase) in trade receivables	44	(19)	(254)	(1,518)	(1,012)
Decrease/(increase) in deposits and other receivables	33	(382)	447	485	58
Decrease/(increase) in long term receivables	(54)	(11)	(6)	14	(4)
Increase/(decrease) in trade payables	98	(107)	53	227	361
Increase/(decrease) in deposits received and accruals	56	(151)	82	98	40
Increase/(decrease) in other long term liabilities	7	7	7	6	7
Cash generated from operations	943	395	1,250	569	224
Income tax (paid)/refund	(360)	(91)	16	(96)	(233)
Net cash inflow/(outflow) from operating activities	583	304	1,266	473	(9)
CASH FLOW FROM INVESTING ACTIVITIES					
Interest received	7	7	2	1	8
Purchases of property, plant and equipment	(45)	(46)	(64)	(2)	(15)
Proceeds from disposal of property, plant and equipment	–	5	–	–	18
Addition to rights to lease	(117)	(115)	(247)	(247)	(85)
Net cash outflow from investing activities	(155)	(149)	(309)	(248)	(74)

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid	(158)	(185)	(107)	(80)	(63)
New bank borrowing	–	213	–	–	–
Repayment of bank borrowings	(580)	(524)	(553)	(477)	(532)
Net cash outflow from financing activities	(738)	(496)	(660)	(557)	(595)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(310)	(341)	297	(332)	(678)
Cash and cash equivalents at beginning of year/period	2,538	2,228	1,887	1,887	2,184
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,228	1,887	2,184	1,555	1,506
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	1,016	579	1,087	147	1,251
Financial assets	1,212	1,308	1,097	1,408	255
	2,228	1,887	2,184	1,555	1,506

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Financière Solola SA ("FS") is a limited liability company incorporated on 31 January 2003 under the laws of France. The registered office and principal place of business of FS are located at 57, Avenue Michelet, 93400 Saint Ouen, France.

2. ADOPTION OF NEW OR REVISED STANDARDS

FS Group has not early adopted the following IFRSs that have been issued but are not yet effective. The director of the FS anticipates that the adoption of such IFRSs will not result in material financial impact on the financial statements for the Relevant Period.

IAS 23 (Revised)	Borrowing Costs*
IFRS 8	Operating Segments*
IFRIC 11	Group and Treasury Share Transactions##
IFRIC 12	Service Concession Arrangements**
IFRIC 13	Customer Loyalty Programmes#
IFRIC 14	IAS19 – The Limit on a Defiend Benfit Asset, Minimum Funding Requirements and their Interaction**

* Effective for annual periods beginning on or after 1 January 2009
** Effective for annual periods beginning on or after 1 January 2008
# Effective for annual periods beginning on or after 1 July 2008
Effective for annual periods beginning on or after 1 March 2007

3. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared on historical cost convention except for certain financial instruments which are stated at fair value. The Financial Information has been prepared in accordance with International Financial Reporting Standards.

These financial statements are presented in Euros and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of FS and entities controlled by FS. Control is achieved where FS has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances within the FS Group are eliminated on consolidation.

Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of business combination over the FS Group's interest in the net fair value of the acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the FS Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the FS Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line or degressive basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2%
Leasehold improvements	10%-20%
Furniture and fixtures	7%-14%
Office equipment	10%-20%
Technical facilities	10%-20%

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Property, plant and equipment

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. Rights to lease are stated at cost less any impairment losses and are not amortised.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The FS Group's financial assets are mainly classified into loans and receivables and financial assets at fair value through profit or loss. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade reeivables and other receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognised in profit or loss.

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Other Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. FS Group's other financial liabilities include trade payables, other payables and accruals and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest method. All interest related charges are recognised as an expense in finance costs in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. Gains and losses are recognised in net profit or loss in the income statement when the liabilities are derecognised as well as through the amortisation process.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to and when the revenue can be measured reliably, on the following bases:

(i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the FS Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(ii) from the rendering of services, when the rendering of service is completed; and

(iii) interest income, on time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Employee benefits

The employees of the Group are required to participate in a centralised pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The financial information is presented in Euros (EUR), which is also the functional currency of FS. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Euros at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the income statement. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet dates retranslation of monetary assets and liabilities are recognised in the income statements.

Related parties

A party is considered to be related to the FS Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the FS Group; (ii) has an interest in the FS Group that gives it significant influence over the FS Group; or (iii) has joint control over the FS Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the FS Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the FS Group, or of any entity that is a related party of the FS Group.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the FS Group's cash management.

For the purpose of the consolidated balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Segment Reporting

A segment is a distinguishable component of that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. TURNOVER, OTHER REVENUES AND GAINS

Turnover represents the net invoiced value of goods sold and services rendered for the Relevant Period, after allowances for returns and trade discounts.

An analysis of FS Group's turnover, other income and gains for the Relevant Period is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Turnover					
Sale of fashion products	8,550	8,134	8,411	7,657	7,219
Service income	57	85	143	87	119
	8,607	8,219	8,554	7,744	7,338
Other revenue and gains					
Interest income	7	7	2	1	8
Reversal of impairment for inventories	–	50	1	46	–
Reversal of impairment of trade receivables	68	–	–	–	–
Exchange gains, net	–	9	–	–	–
Change in Fair value of financial assets	11	12	16	14	16
Sundry income	101	67	38	31	49
	187	145	57	92	73
	8,794	8,364	8,611	7,836	7,411

No business or geographical segment analysis is presented as all operations, assets and liabilities of the FS Group during the Relevant Period are related to the design, trading and distribution of fashion products, and over 90% of the assets and customers are located in Europe.

5. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Cost of inventories sold	2,752	3,032	3,136	2,788	2,747
Depreciation	184	170	171	127	113
Auditors' remuneration	7	15	15	11	32
Minimum lease payments under operating leases on					
– buildings	215	302	339	249	306
– motor vehicle	13	31	36	27	30
– office equipment	6	7	7	5	5
Impairment of inventories	255	–	–	–	33
Impairment of trade receivables	–	10	22	18	–
Staff costs (including directors' remuneration)					
Salaries and allowances	1,437	1,554	1,472	1,066	1,171
Social welfare contributions	439	487	462	327	351
Retirement benefit scheme contributions	122	129	119	94	113
Exchange losses, net	45	–	34	20	14

6. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Interests on bank loans wholly repayable within five years	143	119	91	68	48
Interests on convertible bonds	53	55	58	44	48
	196	174	149	112	96

7. DIRECTOR'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Director's remuneration for the Relevant Period is set out below:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Mr. Claude Lalanne					
Fees	–	–	–	–	–
Other emoluments:					
Salaries and benefits in kind	164	157	144	112	96
Contributions to retirement benefit scheme	16	15	14	11	9
	180	172	158	123	105

Of the five individuals with highest emoluments, one (for year ended 31 December 2004, 2005 and 2006 and for period ended 30 September 2006: one) of them is director whose emolument is disclosed as above. Details of the remuneration of the remaining four (31 December 2004, 2005 and 2006 and 30 September 2006: four) non-director, highest paid employees are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Salaries and benefits in kind	378	380	330	247	267
Contributions to retirement benefit scheme	38	33	27	20	22
	416	413	357	267	289

8. TAX

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Current year provision	224	180	247	427	255
Under provision in prior years	–	–	–	–	60
Deferred tax	(16)	(16)	(16)	(12)	(11)
Tax charge for the year/period	208	164	231	415	304

Profits tax has been provided at the rate of 33.3% for the nine months ended 30 September 2007 (2006: 33.3%, 2005: 33.83% and 2004: 34.33%) on the estimated assessable profits.

There are no material unprovided deferred tax assets and liabilities at the respective balance sheet dates.

A reconciliation of the tax charge applicable to profit before tax using the statutory rate to the tax charge at the effective tax rate is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit before tax	882	499	706	1,253	693
Tax at the statutory tax rate	303	169	235	418	231
Income not subject to tax	(95)	(5)	(4)	(3)	13
Underprovision of tax in prior year	–	–	–	–	60
Tax charge at effective rate	208	164	231	415	304

9. FIXED ASSETS

	Land and buildings €'000	Technical facilities €'000	Furniture, fixtures and office equipment €'000	Total €'000
Cost:				
At 1 January 2004	1,541	482	92	2,115
Additions	11	20	14	45
Disposal	–	(1)	(6)	(7)
At 31 December 2004	1,552	501	100	2,153
Additions	–	31	15	46
Disposal	–	(4)	(11)	(15)
At 31 December 2005	1,552	528	104	2,184
Additions	–	63	1	64
Disposal	–	–	(1)	(1)
At 31 December 2006	1,552	591	104	2,247
Additions	–	5	10	15
Disposal	–	(17)	(1)	(18)
At 30 September 2007	1,552	579	113	2,244
Accumulated depreciation:				
At 1 January 2004	402	250	62	714
Charge for the year	109	62	13	184
Disposal	–	(1)	(6)	(7)
At 31 December 2004	511	311	69	891
Charge for the year	90	63	17	170
Disposal	–	–	(10)	(10)
At 31 December 2005	601	374	76	1,051
Charge for the year	89	67	15	171
Disposal	–	–	(1)	(1)
At 31 December 2006	690	441	90	1,221
Charge for the period	66	44	3	113
Disposal	–	–	(1)	(1)
At 30 September 2007	756	485	92	1,333
Net book value:				
At 30 September 2007	796	94	21	911
At 31 December 2006	862	150	14	1,026
At 31 December 2005	951	154	28	1,133
At 31 December 2004	1,041	190	31	1,262

The FS Group's freehold land and buildings are situated in France.

10. GOODWILL

	€'000
Cost:	
At 1 January 2004 and At 31 December 2004, 2005 and 2006 and 30 September 2007	1,702

11. RIGHTS TO LEASE

	€'000
Cost:	
At 1 January, 2004	755
Additions	120
At 31 December 2004	875
Additions	115
At 31 December 2005	990
Additions	247
At 31 December 2006	1,237
Additions	85
At 30 September 2007	1,322

12. INVENTORIES

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Finished goods	625	413	538	658

13. TRADE RECEIVABLES

The following is an aged analysis of trade receivables.

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
0 – 30 days	352	296	294	874
31 – 60 days	11	42	91	282
61 – 90 days	–	3	140	385
91 – 120 days	–	6	–	–
Over 120 days	54	79	133	129
	417	426	658	1,670

The carrying amounts of trade receivables approximate their fair value.

14. FINANCIAL ASSETS

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Non-equity financial assets designated as financial assets carried at fair value through profit or loss	1,212	1,308	1,097	255

15. TRADE PAYABLES

The following is an aged analysis of trade payables.

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
0 – 30 days	358	251	304	654
Over 120 days	7	7	7	18
	365	258	311	672

The carrying amounts of trade receivables approximate their fair value.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Bank loans, secured	111	222	163	125
Syndicated loans, secured	2,451	1,976	1,482	988
Convertible bonds, secured	1,120	1,160	1,202	1,235
	3,682	3,358	2,847	2,348
Analysed into:				
Bank loans repayable				
– Within one year	102	59	50	50
– In the second year	9	50	50	50
– In the third to fifth year, inclusive	–	113	63	25
	111	222	163	125
Syndicated loans repayable:				
– Within one year	475	494	494	494
– In the second year	494	494	494	494
– In the third to fifth year, inclusive	1,482	988	494	–
	2,451	1,976	1,482	988
Convertible bonds repayable:				
– Over five years	1,120	1,160	1,202	1,235
Total borrowings	3,682	3,358	2,847	2,348
Portion classified as current liabilities	(576)	(553)	(544)	(544)
Long term portion	3,106	2,805	2,303	1,804

The directors estimate that the carrying amount of the FS Group's borrowings approximates their fair value.

Pursuant to the syndicated loans agreement, the Company has undertaken not to distribute any dividend until the syndicated loans have been fully repaid. The syndicated loans are secured by

(a) pledge of 99.7% equity interest in Solola; and

(b) a delegation of the insurance policy of the Company's director.

The bank loans are secured by pledge on the business of certain of the Group's shops.

The syndicated loan and bank loan bear interest rate at 3-month Euribor plus 2% and 3-month Euribor plus 1.5%, respectively.

17. CONVERTIBLE BONDS

1.4 million Euro denominated convertible bonds were issued by the Company on 27 February 2003. Each note entitles the holders to convert into one ordinary share of FS. Conversion may occur at any time between 27 February 2003 and 26 December 2010. If the bonds have not been converted, they will be redeemed on 27 Febuary 2011. Interest of 1% per annum will be paid up until that settlement date. Unpaid interest on convertible loan is borne at the maximum interest rate which is allowed by French Tax Bureau.

The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity heading "Equity component of convertible bonds". The effective interest rate of the liability component is 4.8%.

The liability component of the convertible bonds for the year is set out below:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Proceeds of issue	1,400	1,400	1,400	1,400
Equity component	(233)	(233)	(233)	(233)
Deferred tax liabilities	(116)	(116)	(116)	(116)
Liability component at the issuance date	1,051	1,051	1,051	1,051
Accumulated interest charge	95	149	205	249
Accumulated interest paid	(26)	(40)	(54)	(65)
Liability component at 31 December *(note 14)*	1,120	1,160	1,202	1,235

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustment arising on acquisition of subsidiary	Convertible bonds	Total
	€'000	*€'000*	*€'000*
At 1 January 2004	78	104	182
Credit to income statement for the year	(3)	(13)	(16)
At 31 December 2004	75	91	166
Credit to income statement for the year	(3)	(13)	(16)
At 31 December 2005	72	78	150
Credit to income statement for the year	(3)	(13)	(16)
At 31 December 2006	69	65	134
Credit to income statement for the period	(1)	(10)	(11)
At 30 September 2007	68	55	123

The FS Group has no significant unprovided deferred tax assets/liabilities for the Relevant Period and at the balance sheet dates.

19. SHARE CAPITAL

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Authorised, issued and fully paid:				
1,456,196 ordinary shares of Euros1 each	1,456	1,456	1,456	1,456

There is no movements in the Company's share capital during the Relevant Period.

20. OPERATING LEASE COMMITMENTS

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

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	€'000	*€'000*	*€'000*	*€'000*
	(audited)	(audited)	(audited)	(audited)
Within one year	243	271	237	445
In the second to fifth years, inclusive	167	227	195	454
	410	498	432	899

21. CAPITAL COMMITMENTS

The FS Group has no significant capital commitments at the balance sheet dates.

22. CONTINGENT LIABILITIES

During the period ended 30 September 2007, a tax field audit had been performed by France Tax Bureau on a subsidiary of FS Group for the three financial years of 2004, 2005 and 2006. Pursuant to two letters subsequently issued by France Tax Bureau on 26 October 2007 and 8 January 2008 respectively, an additional tax assessment with interest thereon of Euro 121,000 has been raised on FS Group, with a view that certain provision on slow-moving inventory made by FS Group was non-deductible.

The directors of FS Group disagreed on the additional assessment as consistent accounting policy has been applied for inventory provision thoughout all periods. FS Group is making appeal against the whole amount of the additional tax assessment. Nevertheless, FS Group has made provision of Euro 60,000 for such additional tax exposure in the nine months ended 30 September 2007. The directors of FS consider that the remaining liabilities of Euro 61,000 will not be crsytalised. Up to the issuance date of this accountants' report, a conclusion of the tax appeal has not been reached with the France Tax Bureau.

23. FINANCIAL RISKS AND MANAGEMENT

The FS Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the FS Group.

(i) Interest rate risk

The FS Group's exposure to market risk for changes in interest rates relates primarily to the FS Group's interest-bearing bank borrowings and convertible bonds. The directors of FS would consider using financial instruments in hedging the interest rate risk where necessary.

(ii) Foreign currency risk

The FS Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than Euros. The currencies giving rise to this risk are primarily United States Dollar. The FS Group does not have hedging policy for its foreign currency risk.

(iii) Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the FS Group, resulting in a loss. The FS Group deals mainly with customers that are of good reputation and strong financial backing. In addition, monitoring of the payment made by the customers is done regularly and reviewed by the management.

(iv) Liquidity risk

The FS Group manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its liquidity management, the FS Group maintains sufficient level of cash to meet its working capital requirements.

(v) Fair values

The carrying amounts of the financial assets and liabilities in the Financial Information approximate their fair values.

C. SUBSEQUENT EVENT

On 8 November 2007, the shareholders of FS and Golife Concepts Holdings Limited (the "Company") entered into a share purchase agreement wherein the Company agreed conditionally to acquire a 96.57% equity interest of FS and the Convertible Bonds.

D. SUBSEQUENT FINANCIAL STATEMENTS

No subsequent financial statements have been prepared for FS or its subsidiaries comprising the FS Group in respect of any period subsequent to 30 September 2007. In addition, up to the date of this report, no dividend or distribution has been declared, made or paid by FS or its subsidiaries in respect of any period subsequent to 30 September 2007.

Yours faithfully,

Cheung & Siu
Certified Public Accountants (Practising)
Hong Kong

FOR THE YEAR ENDED 31 DECEMBER 2004

a) FINANCIAL REVIEW

During the year, the Financière Solola Group had turnover of approximately EUR8,607,000 (approximately HK$103,025,790). Gross profit margin was 68.03%. Net profit after taxation was EUR674,000 (approximately HK$8,067,780).

b) LIQUIDITY AND FINANCIAL RESOURCES

The Financière Solola Group had total assets amounting to EUR7,757,000 (approximately HK$92,851,290). Current ratio was 2.51, representing an excess of its current assets over its current liabilities by EUR2,294,000 (approximately HK$27,459,180); whilst interest-bearing bank and other borrowings amounted to approximately EUR2,561,000 (approximately HK$30,655,170). The gearing ratio of the Financière Solola Group was 1.28, representing the total borrowings (including the convertible bonds) divided by total equity.

The FS Convertible Bonds were issued by the Financière Solola Group on 27 February 2003, which entitles the holders to convert into a total of 1,400,000 ordinary share of FS. Conversion may occur at any time between 27 February 2003 and 26 December 2010. If the FS Convertible Bonds have not been converted, they will be redeemed on 27 February 2011. Interest of 1% per annum will be paid until the settlement date. Unpaid interest on convertible loan is borne at the maximum interest rate which allowed by French Tax Breau. The effective interest rate of the liability component is 4.8%. The liability component of the convertible bonds as at 31 December 2004 was EUR1,120,000 (approximately HK$13,406,400).

c) CAPITAL STRUCTURE AND EXPOSURE TO EXCHANGE RATES FLUCTUATION

Interest rates for the banks loans and syndicated loan were charged at 3-month Euribor plus 1.5% and at a rate of approximately 3.1% to 3.28%.

Foreign currency receivables and payables were translated using the exchange rate prevailing at the balance sheet date. Exchange gains or losses resulting from this translation were recognized in the income statement.

d) MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

There was no material acquisition and disposal of subsidiaries and affiliated companies in the year nor there was any plan for material investments.

e) SEGMENT INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Financière Solola Group during the year were related to the design, trading and distribution of fashion products, and over 90% of the assets and customers were located in Europe.

f) EMPLOYEE

The Group had a work force of 40 employees as at 31 December 2004.

g) CHARGE OF ASSETS

Bank loans of Financière Solola were secured by the pledge of a financial instruments account including 1,994 shares of Solola. Bank loans of Rose Mousse, a subsidiary of Financière Solola were secured by the business of a shop of Rose Mousse. Bank loans of Solola were secured by a pledge on the business of a shop in Marque Avenue.

h) CONTINGENT LIABILITIES

As at 31 December 2004, there was no material contingent liability outstanding.

FOR THE YEAR ENDED 31 DECEMBER 2005

a) FINANCIAL REVIEW

During the year, the Financière Solola Group had turnover of approximately EUR8,219,000 (approximately HK$98,381,430), representing a slight decrease of 4.51% as compared to prior year. Gross profit margin was 63.11%. Net profit after taxation was EUR335,000 (approximately HK$4,009,950).

b) LIQUIDITY AND FINANCIAL RESOURCES

The Financière Solola Group had total assets amounting to EUR7,502,000 (approximately HK$89,798,940). Current ratio was 2.88, representing an excess of its current assets over its current liabilities by EUR2,323,000 (approximately HK$27,806,310); whilst interest-bearing bank and other borrowings amounted to approximately EUR2,198,000 (approximately HK$26,310,060) a reduction of 14.17% as compared with last year. The gearing ratio of the Financière Solola Group was 1.02, representing the total borrowings (including the convertible bonds) divided by total equity.

The FS Convertible Bonds were issued by The Financière Solola Group on 27 February 2003, which entitles the holders to convert into a total of 1,400,000 ordinary share of FS. Conversion may occur at any time between 27 February 2003 and 26 December 2010. If the FS Convertable Bonds have not been converted, they will be redeemed on 27 February 2011. Interest of 1% per annum will be paid until the settlement date. Unpaid interest on convertible loan is borne at the maximum interest rate which allowed by French Tax Breau. The effective interest rate of the liability component is 4.8%. The liability component of the convertible bonds as at 31 December 2005 was EUR1,160,000 (approximately HK$13,885,200).

c) CAPITAL STRUCTURE AND EXPOSURE TO EXCHANGE RATES FLUCTUATION

Interest rates for the banks loans and syndicated loan were charged at 3-month Euribor plus 1.5% and at a rate of approximately 3.1% to 3.28%.

Foreign currency receivables and payables were translated using the exchange rate prevailing at the balance sheet date. Exchange gains or losses resulting from this translation were recognized in the income statement.

d) MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

There was no material acquisition and disposal of subsidiaries and affiliated companies in the year nor there was any plan for material investments.

e) SEGMENT INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Financière Solola Group during the year were related to the design, trading and distribution of fashion products, and over 90% of the assets and customers were located in Europe.

f) EMPLOYEES

The Group had a work force of 41 employees as at 31 December 2005.

g) CHARGE OF ASSETS

Bank loans of Financière Solola were secured by the pledge of a financial instruments account including 1,994 shares of Solola. Bank loans of Rose Mousse, a subsidiary of Financière Solola were secured by the business of a shop of Rose Mousse. Bank loans of Solola were secured by a pledge on the business of a shop in Marque Avenue.

h) CONTINGENT LIABILITIES

As at 31 December 2005, there was no material contingent liability outstanding.

FOR THE YEAR ENDED 31 DECEMBER 2006

a) FINANCIAL REVIEW

The Group had a moderate growth, as compared with last year. During the year, the Financière Solola Group had turnover of approximately EUR8,554,000 (approximately HK$102,391,380) representing a slight increase of 4.08% as compared with last year. Gross profit margin was 63.34%. Net profit after taxation was EUR475,000 (approximately HK$5,685,750).

b) LIQUIDITY, FINANCIAL RESOURCES

The Financière Solola Group had total assets amounting to EUR7,811,000 (approximately HK$93,497,670). Current ratio was 2.35, representing an excess of its current assets over its current liabilities by EUR2,141,000 (approximately HK$25,627,770); whilst interest-bearing bank and other borrowings amounted to approximately EUR1,645,000 (approximately HK$19,690,650), a reduction of 25.16% as compared with last year. The gearing ratio of the Financière Solola Group was 0.76, representing the total borrowings (including the convertible bonds) divided by total equity.

The FS Convertible Bonds were issued by the Financière Solola Group on 27 February 2003, which entitles the holders to convert into a total of 1,400,000 ordinary share of FS. Conversion may occur at any time between 27 February 2003 and 26 December 2010. If the FS Convertible Bonds have not been converted, they will be redeemed on 27 February 2011. Interest of 1% per annum will be paid until the settlement date. Unpaid interest on convertible loan is borne at the maximum interest rate which allowed by French Tax Breau. The effective interest rate of the liability component is 4.8%. The liability component of the convertible bonds as at 31 December 2006 was EUR1,202,000 (approximately HK$14,387,940).

c) CAPITAL STRUCTURE AND EXPOSURE TO EXCHANGE RATES FLUCTUATION

Interest rates for the banks loans and syndicated loan were charged at 3-month Euribor plus 1.5% and at a rate of approximately 3.1% to 3.28%.

Foreign currency receivables and payables were translated using the exchange rate prevailing at the balance sheet date. Exchange gains or losses resulting from this translation were recognized in the income statement.

d) MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

There was no material acquisition and disposal of subsidiaries and affiliated companies in the year nor there was any plan for material investments.

e) SEGMENTAL INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Financière Solola Group during the year were related to the design, trading and distribution of fashion products, and over 90% of the assets and customers were located in Europe.

f) EMPLOYEES

The Group had a work force of 41 employees as at 31 December 2006.

g) CHARGE OF ASSETS

Bank loans of Financière Solola were secured by the pledge of a financial instruments account including 1,994 shares of Solola. Bank loans of Solola were secured by a pledge on the business of a shop in Marque Avenue.

h) CONTINGENT LIABILITIES

As at 31 December 2006, there was no material contingent liability outstanding.

FOR THE PERIOD ENDED 30 SEPTEMBER 2007

a) FINANCIAL REVIEW

During the period, the Financière Solola Group had turnover of approximately EUR7,338,000 (approximately HK$87,835,860), representing a slight decrease of 5.24% as compared with the corresponding period in prior year. Gross profit margin was 62.56%. Net profit after taxation was EUR389,000 (approximately HK$4,656,330).

b) LIQUIDITY, FINANCIAL RESOURCES AND DEBT RATIO

The Financière Solola Group had total assets amounting to EUR8,181,000 (approximately HK$97,926,570). Current ratio was 1.99, representing an excess of its current assets over its current liabilities by EUR2,053,000 (approximately HK$24,574,410); whilst interest-bearing bank and other borrowings amounted to approximately EUR1,113,000 (approximately HK$13,322,610), a reduction of 32.34% as compared with the year ended 31 December 2006. The gearing ratio of the Financière Solola Group was 0.57, representing the total borrowings (including the convertible bonds) divided by total equity.

The FS Convertible bonds were issued by the Financière Solola Group on 27 February 2003, which entitles the holders to convert into a total of 1,400,000 ordinary share of FS. Conversion may occur at any time between 27 February 2003 and 26 December 2010. If the FS Convertible Bonds have not been converted, they will be redeemed on 27 February 2011. Interest of 1% per annum will be paid until the settlement date. Unpaid interest on convertible loan is borne at the maximum interest rate which allowed by French Tax Breau. The effective interest rate of the liability component is 4.8%. The liability component of the convertible bonds as at 30 September 2007 was EUR1,235,000 (approximately HK$14,782,950).

c) CAPITAL STRUCTURE AND EXPOSURE TO EXCHANGE RATES FLUCTUATION

Interest rates for the banks loans and syndicated loan were charged at 3-month Euribor plus 1.5% and at a rate of approximately 3.1% to 3.28%.

Foreign currency receivables and payables were translated using the exchange rate prevailingat the balance sheet date. Exchange gains or losses resulting from this translation were recognized in the income statement.

d) MATERIAL ACQUISITIONS AND DISPOSALS DU RING THE PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

There was no material acquisition and disposal of subsidiaries and affiliated companies in the year nor there was any plan for material investments.

e) SEGMENTAL INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Financière Solola Group during the year were related to the design, trading and distribution of fashion products, and over 90% of the assets and customers were located in Europe.

f) EMPLOYEE

The Group had a work force of 47 employees as at 30 September 2007.

g) CHARGE OF ASSETS

Bank loans of Financière Solola were secured by the pledge of a financial instruments account including 1,994 shares of Solola. Bank loans of Solola were secured by a pledge on the business of a shop in Marque Avenue.

h) CONTINGENT LIABILITIES

During the period ended 30 September 2007, a tax field audit had been performed by France Tax Bureau on a subsidiary of FS Group for the three financial years of 2004, 2005 and 2006. Pursuant to two letters subsequently issued by France Tax Bureau on 26 October 2007 and 8 January 2008 respectively, an additional tax assessment with interest thereon of EUR121,000 has been raised on the Financière Solola Group, with a view that certain provision on slow-moving inventory made by the Financière Solola Group was non-deductible.

The directors of the Financière Solola Group disagreed on the additional assessment as consistent accounting policy has been applied for inventory provision thoughout all periods. The Financière Solola Group is making appeal against the whole amount of the additional tax assessment. Nevertheless, the Financière Solola Group has made provision of EUR60,000 for such additional tax exposure in the nine months ended 30 September 2007. The directors of Financière Solola consider that the remaining liabilities of EUR61,000 (approximately HK$730,170) will not be crsytalised. Up to the issuance date of the accountants' report of Financière Solola, a conclusion of the tax appeal has not been reached with the France Tax Bureau. Save for the above, as at 30 September 2007, there was no other material contingent liability outstanding.

V. FINANCIAL AND TRADING PROSPECTS

The Financière Solola Group is launching a new complementary brand in France and internationally, and continued its policy to expand its affiliate network, including the opening of a boutique in Saint-Etienne. The Financière Solola Group also plans to open 2 new affiliates in 2008, one in Aurillac and the other one in Tours.

The Financière Solola Group opened a second factory outlet store in July 2007. In the near future, the Financière Solola Group plans to redirect unsold stocks as much as possible to factory outlet stores.

Credit Agricole PE and Quilvest, the two existing shareholders, have worked with Financière Solola since 2003 and provided it with the resources to organize its structure, under the impetus of Claude Lalanne. They would now like to sell all their shares in Financière Solola and enable the current management to find a new partner in order to pursue the company's development.

Through KPMG Corporate Finance Paris, the Company has offered for the purchase of 96.57% shares of the Financière Solola Group in May 2007. In November 2007, the Financière Solola Group entered into an acquisition agreement. The target completion date of the transaction was expected to be in May 2008. Right after the Completion, the Company will own 96.57% of the shares in Financière Solola, the remaining 3.43% will continually of be held by Mr. Claude Lalanne.

Mr. Claude Lalanne will remain as CEO of the Financière Solola Group despite the change in the ownership.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Introduction

The following are for illustrative purposes only, the unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated income statement and unaudited pro forma cash flow statement of the Enlarged Group (collectively referred to as the "Pro Forma Financial Information") which have been prepared based on the audited consolidated balance sheet of the Group as at 31 December 2006, the audited consolidated income statement and cash flow statement of the Group for the nine months ended 31 December 2006 (collectively referred to as the "Unadjusted Financial Information") after making pro forma adjustments as set out below.

The unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared to illustrate the effects of the Acquisition, as if the Acquisition had taken place on 31 December 2006. The unaudited pro forma consolidated income statement and the unaudited pro forma consolidated cash flow statement of the Enlarged Group have been prepared to illustrate the effects of the Acquisition, as if the Acquisition had taken place on 1 April 2006. The Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Group. The Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Group as at 31 December 2006, for the nine months ended 31 December 2006 or at any future date.

1. Unaudited Pro Forma Balance Sheet of the Enlarged Group

	The Group as at 31 Dec 2006 HK$'000	The Target Group as at 31 Dec 2006 €'000	The Target Group as at 31 Dec 2006 HK$'000	Pro forma adjustments HK$'000	Notes	Pro forma Enlarged Group HK$'000
NON-CURRENT ASSETS						
Property, plant and equipment	2,955	1,026	10,642	–		13,597
Goodwill	75,552	1,702	17,653	76,569	1	169,774
Intangible assets	4,720	1,237	12,830	–		17,550
Long term receivables	–	123	1,276	–		1,276
Total non-current assets	83,227	4,088	42,401	76,569		202,197
CURRENT ASSETS						
Inventories	2,643	538	5,580	–		8,223
Trade receivables	2,209	658	6,825	–		9,034
Deposits, prepayments and other receivables	4,598	343	3,558	–		8,156
Financial assets at fair value through profit or loss	6,190	1,097	11,378	–		17,568
Derivative financial instruments	92	–	–	–		92
Cash and bank balances	3,426	1,087	11,274	(87,751)	2	(73,051)
Total current assets	19,158	3,723	38,615	(87,751)		(29,978)
CURRENT LIABILITIES						
Trade and bills payables	3,116	311	3,226	–		6,342
Other payables and accruals	3,212	508	5,269	38,907	3	47,388
Interest-bearing bank and other borrowings	12,460	544	5,642	–		18,102
Tax payable	1,076	219	2,271	–		3,347
Total current liabilities	19,864	1,582	16,408	38,907		75,179
Net current assets/(liabilities)	(706)	2,141	22,207	(126,658)		(105,157)
Total assets less current liabilities	82,521	6,229	64,608	(50,089)		97,040
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	2,785	1,101	11,420	–		14,205
Convertible notes	48,188	1,202	12,467	(12,467)	1	48,188
Deferred tax liabilities	–	134	1,390	–		1,390
Other long term liabilities	–	36	373	–		373
Total non-current liabilities	50,973	2,473	25,650	(12,467)		64,156
Net assets	31,548	3,756	38,958	(37,622)		32,884
EQUITY						
Issued capital	5,268	1,456	15,102	(15,102)	1	5,268
Equity component of convertible notes	11,316	233	2,417	(2,417)	1	11,316
Reserves	14,964	2,067	21,439	(21,439)	1	14,964
Minority interests	–	–	–	1,336	4	1,336
Total equity	31,548	3,756	38,958	(37,622)		32,884

2. Unaudited Pro Forma Income Statement of the Enlarged Group

	The Group for the period ended 31 Dec 2006	The Target Group for the year ended 31 Dec 2006	The Target Group for the year ended 31 Dec 2006	Pro forma adjustments		Pro forma Enlarged Group
	HK$'000	*€'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Turnover	18,885	8,554	86,148	–		105,033
Cost of sales	(7,385)	(3,136)	(31,583)	–		(38,968)
Gross profit	11,500	5,418	54,565	–		66,065
Other revenue and gains	5,357	57	574	–		5,931
Selling and distribution costs	(994)	(1,350)	(13,596)	–		(14,590)
Administrative expenses	(12,240)	(3,270)	(32,932)	–		(45,172)
Finance costs	(1,799)	(149)	(1,501)	584	5	(2,716)
Profit before tax	1,824	706	7,110	584		9,518
Tax	(676)	(231)	(2,326)	–		(3,002)
Profit for the period/year	1,148	475	4,784	584		6,516
Attributable to:						
The Company's shareholders	1,148	475	4,784	420	5, 6	6,352
Minority interests	–	–	–	164	6	164
	1,148	475	4,784	584		6,516

3. Unaudited Pro Forma Cash Flow Statement of the Enlarged Group

	The Group for the period ended 31 Dec 2006 HK$'000	The Target Group for the year ended 31 Dec 2006 €'000	The Target Group for the year ended 31 Dec 2006 HK$'000	Pro forma adjustments HK$'000	Notes	Pro forma Enlarged Group HK$'000
OPERATING ACTIVITIES						
Profit before tax	1,824	706	7,110	584	5	9,518
Adjustments for:						
Finance costs	1,799	149	1,501	(584)	5	2,716
Interest income	(9)	(2)	(20)	–		(29)
Depreciation	732	171	1,722	–		2,454
Impairment of trade receivables	–	22	222	–		222
Impairment of inventories	–	1	10	–		10
Provision for impairment on investment in an associate	4	–	–	–		4
Amortisation of intangible assets	280	–	–	–		280
Gain on disposal of subsidiaries	(1,698)	–	–	–		(1,698)
Waiver of other loan	(1,000)	–	–	–		(1,000)
Fair value gain on financial assets at fair value through profit or loss	(2,014)	–	–	–		(2,014)
Fair value gain on derivative financial instruments	(92)	–	–	–		(92)
Write-off of property, plant and equipment	–	–	–	–		–
Reversal of write-down of inventories	–	–	–	–		–
Reversal of provision of doubtful debts	(3)	–	–	–		(3)
Operating cash flow before movements in working capital	(177)	1,047	10,545	–		10,368
Increase in intangible assets	–	–	–	–		
Decrease/(increase) in inventories	2,837	(126)	(1,269)	–		1,568
Decrease/(increase) in trade receivables	(409)	(254)	(2,558)	–		(2,967)
Decrease in deposits, prepayments and other receivables	5,677	447	4,502	–		10,179
Decrease in financial assets at fair value through profit or loss	(4,176)	–	–	–		(4,176)
Increase in long term receivables	–	(6)	(60)	–		(60)
Increase in trade and bill payables	1,342	53	534	–		1,876
Increase/(decrease) in other payables and accruals	(400)	82	826	–		426
Increase in other long term liabilities	–	7	67	–		67
Cash generated from operations	4,694	1,250	12,587	–		17,281
Interest received	9	2	20	–		29
Hong Kong profits tax paid	(2,718)	–	–	–		(2,718)
Overseas tax refunded/(paid)	(47)	16	161	–		114
NET CASH FROM OPERATING ACTIVITIES	1,938	1,268	12,768	–		14,706

	The Group for the period ended 31 Dec 2006 *HK$'000*	The Target Group for the year ended 31 Dec 2006 *€'000*	The Target Group for the year ended 31 Dec 2006 *HK$'000*	Pro forma adjustments *HK$'000*	*Notes*	Pro forma Enlarged Group *HK$'000*
INVESTING ACTIVITIES						
Acquisition of a subsidiary	(21,362)	–	–	(87,751)	7	(109,113)
Addition to rights to lease	–	(247)	(2,488)	–		(2,488)
Purchases of items of property, plant and equipment	(125)	(64)	(645)	–		(770)
NET CASH USED IN INVESTING ACTIVITIES	(21,487)	(311)	(3,133)	(87,751)		(112,371)
FINANCING ACTIVITIES						
Interest paid	(315)	(107)	(1,078)	–		(1,393)
Proceeds from open offer	24,895	–	–	–		24,895
Proceeds/(redemption) of convertible notes	(3,500)	–	–	–		(3,500)
Repayment of other loan	(3,775)	–	–	–		(3,775)
New bank loans	7,300	–	–	–		7,300
Repayment of bank loans	(873)	(553)	(5,569)	–		(6,442)
Decrease in trust receipt loans	(3,157)	–	–	–		(3,157)
Repayments of capital element of finance leases	(183)	–	–	–		(183)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	20,392	(660)	(6,647)	–		13,745
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	843	297	2,988	(87,751)		(83,920)
Cash and cash equivalents at beginning of period/year	112	1,887	17,665	–		17,777
Change in exchange rate	–	–	1,999	–		1,999
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	955	2,184	22,652	(87,751)		(64,144)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	3,426	1,087	11,274	(87,751)	7	(73,051)
Bank overdrafts	(2,471)	–	–	–		(2,471)
Financial assets	–	1,097	11,378	–		11,378
	955	2,184	22,652	(87,751)		(64,144)

Notes:

1. On 8 November 2007, the Company entered into an acquisition agreement with the Sellers to acquire 96.57% of the issued share capital of Financière Solola and the FS Convertible Bonds for an initial consideration of EUR7,717,766 (approximately HK$87,751,000 translated at exchange rate of EUR1 = HK$11.37 for the Company's announcement dated 19 November 2007) and an Earn Out payment with a maximum amount of EUR2,894,162 (approximately HK$32,907,000 translated at exchange rate of EUR1 = HK$11.37 for the Company's announcement dated 19 November 2007). The initial consideration and the Earn Out payment will be satisfied in cash, and payable at Completion date and within fifteen business days from the date of receipt of the audited financial statements of the Financière Solola Group for the year ending 31 December 2008 by the Group respectively.

The pro forma adjustment of HK$76,569,000 represents goodwill arising from the Acquisition which is arrived as follows:

	HK$'000	*HK$'000*
Aggregate consideration for the Acquisition		120,658
Less: Fair value of net identifiable assets and liabilities of the Financière Solola Group to be acquired (HK$38,958,000 x 96.57%)	37,622	
Liability component of FS Convertible Bonds	12,467	50,089
		70,569
Add: Legal and professional costs for the Acquisition		6,000
Goodwill		76,569

For the purpose of preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, the carrying value of the net assets of the Financière Solola Group as per the Accountants' Report as set out in Appendix III of this Circular are taken to be the fair values.

Upon completion of the Acquisition, Financière Solola will be accounted for as a subsidiary of the Company. In accordance with Hong Kong Financial Reporting Standard 3 Business Combinations, the Group will apply the purchase method to account for the acquisition of 96.57% of the issued share capital of Financière Solola and the FS Convertible Bonds. The identifiable assets, liabilities and contingent liabilities of the Financière Solola Group are recorded in the unaudited pro forma consolidated balance sheet of the Enlarged Group as their fair values as if the Acquisition was completed on 31 December 2006.

The excess of the cost of Acquisition incurred by the Company over its interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the Financière Solola Group is recognised as goodwill in the unaudited consolidated balance sheet as if the Acquisition was completed on 31 December 2006. Based on the information provided to us, the directors of the Company are not aware of any significant provision for impairment loss on goodwill is recognised.

On completion of the Acquisition, the fair value of the consideration and net identifiable assets and liabilities of the Financière Solola Group will have to be reassessed. As a result of the reassessment, the amount of goodwill may be different from the amount estimated based on the basis stated above for the purpose of preparation of the Unaudited Pro Forma Financial Information. Accordingly, the actual goodwill arising from the Acquisition may be different from the estimated amount as shown above.

2. The pro forma adjustment of HK$87,751,000 represents the payment of the initial consideration payable in cash on completion of the Acquisition.

3. The pro forma adjustment of HK$38,907,000 represents the Earn Out payment of approximately HK$32,907,000 and the estimated legal and professional costs of HK$6,000,000 for the Acquisition.

4. The pro forma adjustment of HK$1,336,000 represents the minority sharehoders of the Enlarged Group shared 3.43% of the equity interest of the Financière Solola Group.

5. The pro forma adjustment of HK$584,000 represents the elimination of interest on the FS Convertible Bonds on consolidation. This adjustment will have continuing effect to the Enlarged Group.

6. The pro forma adjustment of HK$164,000 represents the recognition of net profit of the Financière Solola Group for the year attributable to minority interests as if the Acquisition was completed on 1 April 2006.

7. The pro forma adjustment represents the initial consideration of approximately HK$87,751,000 paid in cash. This adjustment will not have continuing cash flow effect to the Enlarged Group.

8. After making the above pro forma adjustments, the pro forma consolidated balance sheet would have a shortfall of cash and cash equivalents amounting to HK$73,051,000. As mentioned in the Company's announcement dated 19 November 2007, the shortfall will be settled by way of equity funding and/or bank borrowings. According to the Company's announcement dated 4 February 2008, the Company has proposed to raise funds by way of issue of not more than 999,977,190 rights shares at a subscription price of HK$0.057 per share. In addition, according to the Company's announcement dated 21 February 2008, the Company has proposed to raise funds by way of issue of convertible bonds in the principal amount of HK$40,000,000 for a term of 3 years with a coupon rate of 2% per annum. The aggregate of estimated net proceeds received from these two fund raising events of approximately HK$94,500,000 has not yet reflected in the Group's cash and bank balances as at 31 December 2006. As a result, the directors of the Company are of the opinion that the Group would have adequate funding to settle the cash initial consideration of approximately HK$87,751,000 and the estimated legal and professional costs of HK$6,000,000 incurred for the Acquisition at the Completion Date.

9. **BASIS OF TRANSLATION**

Translation of Eur into HK$ is made in the Unaudited Pro Forma Financial Information of the Enlarged Group at the average rate of HK$10.07=EUR1 for the preparation of the unaudited pro forma consolidated income statement and cash flow statement, and the closing rate of HK$10.37=EUR1 for the preparation of unaudited pro forma consolidated balance sheet.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Cheung & Siu **Certified Public Accountants *(Practising)***
張、蕭會計師事務所

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ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF GOLIFE CONCEPTS HOLDINGS LIMITED

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Golife Concepts Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of 96.57% equity interests in Financiere Solola SA and its convertible bonds might have affected the financial information presented, for inclusion as Appendix V to the circular of the Company dated 8 March 2008 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 110 to 116 to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by rule 7.31(7) of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2006 or any future date; or

- the result and cash flows of the Group for the nine months ended 31 December 2006 or any future period.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

- such basis is consistent with the accounting policies of the Group; and

- the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Rules.

Yours faithfully,
Cheung & Siu
Certified Public Accountants
(Practising)

Hong Kong, 8 March 2008

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

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

II. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("SFO")) which were notified to the Company and the Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(a) Long position in share options granted by the Company

Name of Directors	Date of grant	Exercise price *(HK$)*	Number of Share Options as at 3 July 2007	Number of Share Options as at the Latest Practicable Date	Approximate percentage of the Company's issued share capital *(%)*
Richard Yen	3 July 2007	$0.219	990,000	990,000	0.08
Duncan Chiu	3 July 2007	$0.219	990,000	990,000	0.08

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or chief executive of the Company 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 were notified to the Company and the Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

III. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons or corporations (not being Directors or chief executive of the Company), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital, were as follows:

(a) Long position in shares and/or underlying shares of the Company

Name of Shareholder	Number of shares/ underlying shares interested or deemed to be interested	Approximate percentage of the Company's issued share capital *(%)*
Gouw Hiap Kian *(Note 1)*	1,223,353,348	98.10
Ng Choy Yue Mary *(Note 1)*	1,223,353,348	98.10
Chung Chiu Limited *(Notes 2, 3 and 5)*	1,148,923,348	92.13
HSBC International Trustee Limited *(Notes 2, 3 and 4)*	1,148,923,348	92.13
Goldig Properties Limited *(Notes 2, 4 and 5)*	444,456,000	35.64
Far East Holdings International Limited *(Note 6)*	359,991,788	28.87
Deutsche Bank Aktiengesellschaft	75,740,000	6.07
Galaxy China Opportunities Fund	78,740,000	6.31

Notes:

1. GOUW Hiap Kian is the beneficial owner of 40,800,000 Shares. Adding the 990,000 Shares under the Share Option, 32,640,000 right shares and the 1,148,923,348 Shares that he is deemed to be interested through Chung Chiu Limited and Goldig Properties Limited set out in Note 2 below, he is interested in a total of 1,223,353,348 Shares. Being the spouse of GOUW Hiap Kian, NG Choy Yue Mary is deemed to be interested in the 1,223,353,348 Shares pursuant to the SFO.

2. Goldig Properties Limited is a wholly-owned subsidiary of Chung Chiu Limited, which in turn is wholly- owned by a discretionary trust. The founder of the discretionary trust is 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"), Guow Hiap Kian and Chung Chiu Limited and HSBC International Trustee Limited are deemed to be interested in the 444,456,000 Shares which Goldig Properties Limited is interested in.

3. Chung Chiu Limited has underwritten 133,038,777 rights shares of the Company. Chung Chiu Limited entered into a subscription agreement to subscribe HK$40 million convertible bonds at a convertible price of HK$0.07 which amounts to 571,428,571 Shares upon conversion in full.

4. Goldig Properties Limited has agreed to accept or procure the acceptance of 197,536,000 rights shares pursuant to an irrevocable Undertaking.

5. Ms. Gouw San Bo Elizabeth, an executive Director, is also a director of Chung Chiu Limited and Goldig Properties Limited respectively.

6. Mr. Duncan Chiu, a non-executive Director, is also the managing director and the chief executive officer of Far East Holdings International Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

IV. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

None of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2006, being the date to which the latest published audited consolidated accounts of the Group were made up.

None of the Directors was or will be given any compensation for loss of office or otherwise in connection with the Acquisition Agreement.

V. COMPETING INTERESTS

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

VI. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Enlarged Group, were entered into by the Company or its subsidiaries during the period commencing two years preceding the date of the Announcement and up to the Latest Practicable Date and are or may be material:

(a) the Acquisition Agreement;

(b) the Call Option agreement;

(c) the Pledge Agreement;

(d) the Put Option Agreement;

(e) an agreement for sale and purchase of shares of CR Hong Kong Limited dated 18 February 2008 entered into by Austen Limited and Better Point Limited for a consideration of HK$770,001;

(f) the subscription agreement dated 18 February 2008 entered into by the Company and Chung Chiu Limited in relation to the convertible bonds in the principal amount of HK$40,000,000 to be issued by the Company;

(g) the underwriting agreement dated 4 February 2008 entered into between the Company, Chung Chiu Limited, Grand Ming Securities Limited and CIMB-GK Securities (HK) Limited in relation to the proposed issue of rights shares by the Company on the basis of 4 rights shares for every 5 existing Shares;

(h) the distribution agreement dated 15 August 2007 and executed between CR Hong Kong Limited and CR Hong Kong (Trading) Limited;

(i) the master license agreement dated 14 August 2007 and executed between CR Hong Kong Limited and CR Licensing LLC;

(j) the shareholders agreement dated 15 August 2007 and executed amongst Better Point Limited, Austen Limited and CR Hong Kong Limited;

(k) the supplement agreement dated 24 August 2007 to supplement the distribution agreement dated 15 August 2007 and executed between CR Hong Kong Limited and CR Hong Kong (Trading) Limited;

(l) the shareholders agreement dated 21 February 2007 entered into between Profit First Investment Limited, Zion Worldwide Limited and LOC Limited in relation to the establishment of LOC Limited and the operation of its business;

(m) the distribution agreement dated 21 February 2007 entered into between Life of Circle Limited and Golife (Trading) Limited;

(n) the supplemental agreement dated 23 February 2007 entered into between Profit First Investment Limited, Zion Worldwide Limited and LOC Limited to supplement the shareholders agreement dated 21 February; and

(o) the worldwide agency agreement dated 21 February 2007 entered into between the LOC Limited and GOL Trading Limited.

VII. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group or to which the Company or any of its subsidiaries was, or might become, a party.

VIII. EXPERTS AND CONSENTS

The following is the qualification of the expert whose statements have been included in this circular:

Cheung & Siu ("C & S")	Certified Public Accountants (Practising)

C & S has given and has not withdrawn their written consents to the issue of this circular with the inclusion herein of its letters or reports or references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, C & S did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

C & S did not have any direct or indirect interests in any assets which have been, since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, C & S was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

IX. SERVICE CONTRACTS

Mr. Richard Yen entered into a service contract with the Company for an initial term of one year commencing 17 September 2007 and shall continue thereafter unless terminated by either party serving on the other not less than three months' notice. Mr. Richard Yen will be subject to retirement by rotation at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Richard Yen has accepted the appointment as the Chief Operations Officer, as announced in the Company's announcement of 4 February 2008.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors has entered into any existing or proposed service contracts with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Company within one year without payment of any compensation other than statutory compensation).

X. GENERAL

a. So far as is known to the Directors, as at the Latest Practicable Date, there was no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of shares in respect of which it will control or will be entitled to exercise control over the voting rights at the EGM.

b. The secretary and the qualified accountant of the Company is Mr. Stanley Tsang who is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Chartered Financial Analyst, Mr. Tsang holds a bachelor degree in business administration and has over 11 years of experience in accounting financial management and auditing. Prior to joining the Company, Mr. Tsang was a manager of a company listed on the Main Board of the Stock Exchange of Hong Kong.

c. The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, including Mr. Lum Pak Sum, Mr. Sum Chun Ho and Mr. Wan Kwok Pan, all are independent non-executive Directors. Mr. Lum Pak Sum has the appropriate financial and accounting experience required by the GEM Listing Rules and acts as the chairman of the Audit Committee.

d. The registered office of the Company is Century Yard, Cricket Square Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, KY1-1111, Cayman Islands, British West Indies and the principal place of business is at Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.

e. The company compliance officer of the Company is Ms. GOUW San Bo, Elizabeth.

f. The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong.

XI. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of 9:00 a.m. to 5:00 p.m., Hong Kong from the date of this circular up to and including 31 March 2008 and at the EGM:

(a) the memorandum and articles of association of the Company;

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

(c) the annual reports of the Company for two years ended 31 December 2006;

(d) the quarterly report of the Company for the nine months ended 30 September 2007;

(e) the written consent referred to in paragraph headed "Experts and Consents" in this appendix;

(f) the accountants' report on Financière Solola prepared by Cheung & Siu, the text of which set out in appendix III to this circular;

(g) the letter on unaudited pro forma consolidated financial information from Cheung & Siu, the text of which is set out in Appendix V to this circular, and

(h) the service contracts referred to in the section headed "Service Contracts" in this appendix.

GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Golife Concepts Holdings Limited (the "**Company**", which together with its subsidiaries, the "**Group**") will be held at 22/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong at 11:00 a.m. on 31 March 2008 for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions as ordinary solutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**:

(a) the conditional sale and purchase agreement dated 8 November 2007 as amended by an amendment to share purchase agreement dated 14 February 2008 (a copy of which is tabled at the meeting and marked "A" and initialed by the chairman of the meeting for identification purpose) entered into between the Company, Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France (the "Sellers") and Mr. Claude Lalanne Costa (the "Acquisition Agreement") and any subsequent amendments in respect of the acquisition of 1,406,196 shares of EUR1 each in the issued share capital of Financière Solola (the "Sale Shares") and 1,400,000 8-year convertible bonds issued by Financière Solola on 27 February 2003 for an amount of EUR1,400,000 bearing an interest of 1% per annum, entitling the holders to convert into 1,400,000 shares of Financière Solola upon conversion until 3 months before 27 February 2011 (the "FS Convertible Bonds") (the "Acquisition") and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) any one director, or any one director and the secretary or any two directors of the Company if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Acquisition and the Acquisition Agreement and completion thereof including to obtain financing for its payment obligations in connection with the Acquisition and under Acquisition Agreement as he/she/they may consider necessary, desirable or expedient."

By Order of the Board
LO Mun Lam, Raymond
Executive Director

Hong Kong, 8 March 2008

Registered office:
Century Yard
Cricket Square
Hutchins Drive
P.O. box 2681 GT
Grand Cayman, KY1-1111
Cayman Islands
British West Indies

Head office and principal place of business in Hong Kong:
Suite A, 15/F., Wyndham Place,
40-44 Wyndham Street,
Central, Hong Kong

Notes:

1. The ordinary resolutions to be considered at the extraordinary general meeting will be decided by a poll. On voting by poll, each member shall have one vote for each share hold in the Company.

2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. A form of proxy for use at the extraordinary general meeting is enclosed herewith.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney, duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.

5. To be valid, the instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no less than 48 hours before the time for holding the extraordinary general meeting.

6. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing the proxy shall be deemed to be revoked.

7. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.