



## **Golife Concepts Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8172)

### **RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2008**

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

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

## HIGHLIGHTS

- Turnover at approximately HK\$16,301,000
- LBITDA at approximately HK\$19,186,000
- Loss attributable to shareholders at approximately HK\$20,527,000
- HK\$19,536,000 of losses were one-off in nature, which resulted from the termination of the acquisition of Financière Solola.
- Excluding the one-time extraordinary losses, loss attributable to shareholders was HK\$991,000.
- The Group's new brand, Cynthia Rowley, commenced operations in Hong Kong and Mainland China.
- 3 new points of sales ("POS") are scheduled to open in the 2nd half of 2008, bringing total number to 18.

## RESULTS

The Board of directors (the "Board") of Golife Concepts Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2008.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

|   |      | For the three months<br>ended 31 March |                          |
|---|------|--|--------------------------|
|   |      | 2008                                   | 2007                     |
|   | Note | HK\$'000                               | HK\$'000                 |
| <b>TURNOVER</b>                                   | 3    | <b>16,301</b>                          | 9,836                    |
| Cost of sales                                     |      | <u>(7,070)</u>                         | <u>(3,550)</u>           |
| Gross profit                                      |      | <b>9,231</b>                           | 6,286                    |
| Other revenues and gains                          | 4    | <b>4,743</b>                           | 1,192                    |
| Selling and distribution costs                    |      | <b>(901)</b>                           | (227)                    |
| Administrative expenses                           |      | <b>(19,964)</b>                        | (5,591)                  |
| Other expenses and losses                         | 5    | <b>(13,328)</b>                        | –                        |
| Finance costs                                     | 6    | <b>(308)</b>                           | (680)                    |
| Share of loss of jointly controlled entities      |      | <u>–</u>                               | <u>(7)</u>               |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                   |      | <b>(20,527)</b>                        | 973                      |
| Tax   | 7    | <u>–</u>                               | <u>(332)</u>             |
| <b>PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b> |      | <b><u>(20,527)</u></b>                 | <b><u>641</u></b>        |
| <b>DIVIDEND</b>                                   | 8    | <b><u>–</u></b>                        | <b><u>–</u></b>          |
| Earnings/(loss) per share                         | 9    |  |                          |
| Basic   |      | <b><u>(1.65) cents</u></b>             | <b><u>0.10 cents</u></b> |
| Diluted   |      | <b><u>N/A</u></b>                      | <b><u>0.10 cents</u></b> |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

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

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

### 2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements (the “Financial Statements”) have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, including the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants; 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 the Financial Statements are consistent with those adopted in annual financial statements for the year ended 31 December 2007.

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

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

### 3. Turnover

The Group’s principal activity is distribution of high-end apparel and accessories. Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

### 4. Other revenues and gains

|  | For the three months<br>ended 31 March |              |
|--|--|--------------|
|  | 2008                                   | 2007         |
|  | HK\$’000                               | HK\$’000     |
| Bank interest income   | 185                                    | –            |
| Fair value gain on financial assets at fair value through profit or loss | –                                      | 1,152        |
| Fair value gain on derivative financial instruments                      | 2,685                                  | –            |
| Profit on disposal of derivative financial instruments                   | 233                                    | –            |
| Management services income   | 40                                     | 40           |
| Waiver of other payable  | 1,600                                  | –            |
|  | <u>4,743</u>                           | <u>1,192</u> |

## 5. Other expenses and losses

|  | For the three months<br>ended 31 March |          |
|--|--|----------|
|  | 2008                                   | 2007     |
|  | HK\$'000                               | HK\$'000 |
| Fair value loss on financial assets at fair value through profit or loss | 535                                    | –        |
| Loss on disposal of derivative financial instruments                     | 493                                    | –        |
| Break-up fee for a terminated acquisition ( <i>note</i> )                | 12,300                                 | –        |
|  | <u>13,328</u>                          | <u>–</u> |

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

## 6. Finance costs

|   | For the three months<br>ended 31 March |            |
|---|--|------------|
|   | 2008                                   | 2007       |
|   | HK\$'000                               | HK\$'000   |
| Interest on convertible notes   | –                                      | 436        |
| Interest on bank loans and overdrafts<br>wholly repayable within five years | 295                                    | 231        |
| Interest on finance leases  | 13                                     | 13         |
|   | <u>308</u>                             | <u>680</u> |

## 7. Tax

|                    | For the three months<br>ended 31 March |            |
|--------------------|--|------------|
|                    | 2008                                   | 2007       |
|                    | HK\$'000                               | HK\$'000   |
| Current income tax |  |            |
| Hong Kong          | –                                      | 332        |
|                    | <u>–</u>                               | <u>332</u> |

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

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

## 8. Dividend

The Board does not recommend the payment of dividend for the three months ended 31 March 2008 (2007: Nil).

## 9. Earnings/(loss) per share

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

|   | For the three months<br>ended 31 March |                    |
|---|--|--------------------|
|   | 2008                                   | 2007               |
|   | HK\$'000                               | HK\$'000           |
| Profit/(loss) attributable to shareholders          | <u>(20,527)</u>                        | <u>641</u>         |
|   | Number of shares                       |                    |
| Weighted average number of ordinary shares in issue | <u>1,247,001,488</u>                   | <u>660,704,821</u> |

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

## 10. Reserves

|                                    | Share<br>premium<br>HK\$'000 | Equity<br>component of<br>convertible<br>notes<br>HK\$'000 | Share-based<br>payments<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------|------------------------------|--|--|-----------------------------------|-------------------|
| At 1 January 2007                  | 55,642                       | 11,316   | –  | (40,678)                          | 26,280            |
| Conversion of<br>convertible notes | 43,587                       | (9,641)  | –  | –                                 | 33,946            |
| Profit for the period              | –                            | –  | –  | 641                               | 641               |
| As at 31 March 2007                | <u>99,229</u>                | <u>1,675</u>   | <u>–</u>                                       | <u>(40,037)</u>                   | <u>60,867</u>     |
| At 1 January 2008                  | 132,103                      | –  | 98   | (132,918)                         | (717)             |
| Loss for the period                | –                            | –  | –  | (20,527)                          | (20,527)          |
| As at 31 March 2008                | <u>132,103</u>               | <u>–</u>   | <u>98</u>                                      | <u>(153,445)</u>                  | <u>(21,244)</u>   |

## 11. Comparative figures

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2008 (2007: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview**

Turnover of the Group was approximately HK\$16,301,000 for the period, representing an increase of 66% as compared with the corresponding period last year. Gross profit was HK\$9,231,000, representing approximately 57% of turnover. Loss attributable to shareholders after tax was HK\$20,527,000 of which HK\$19,536,000 was attributed to the termination of the acquisition of Financière Solola in April 2008. Excluding the one-time losses, the Group's financial results continued to be stable with net loss attributable to shareholders at HK\$991,000.

During the review period, the Group commenced operation for "Cynthia Rowley" brand, a new addition to its distribution portfolio, with 2 new POS scheduled to open in 2008. As a result, certain one-off pre-opening expenses were incurred, which explained part of the negative financial performance of the Group.

### **Business performance**

Distribution business for the two luxury European brands, Anya Hindmarch and Paule Ka, continued to grow steadily. The British accessory brand Anya Hindmarch remained as the Group's main revenue contributor accounting for 62% of the total turnover. The brand brought in turnover amounting to HK\$10,063,000, of which 70% was derived in Hong Kong and the remaining 30% from Taiwan. Turnover from the Paris-based women's wear brand Paule Ka was HK\$4,471,000.

As for the distribution business of the Group's 50%-owned designer jewelry brand, Life of Circle, it reported satisfactory results backed by 3 POS in Hong Kong. The business achieved a turnover of HK\$1,767,000. The Group believes the Life of Circle brand has enormous long-term potential and will continue to grown the critical mass for the board.

In September 2007, the Group became the licensee and distributor of New York-designer brand Cynthia Rowley in Hong Kong and Mainland China and product development as well as strategic planning for launching the brand in Hong Kong and Mainland China have been underway.

With the Group's existing 15 POS and 3 new ones scheduled to open, the total number of POS will become 18.

### **Termination of Acquisition of French-brand Solola**

On 8 November 2007, the Group signed an agreement with Crédit Lyonnais Capital Investissement, Crédit Lyonnais Développement 2, Mr. Pierre Hémar, Lion Capital Investissement, Nollius BV and Quilvest France ("the Sellers") to purchase sale shares, equivalent to 96.57% of the issued share capital of Financière Solola and FS Convertible Bonds at a total initial consideration of EUR7,717,766 (approximately HK\$92,381,659). The proposed acquisition was a Very Substantial Acquisition requiring shareholders' approval.

However, it was voted down by shareholders at the extraordinary general meeting held on 31 March 2008. According to the acquisition agreement, a break-up fee of EUR 1 million (approximately HK\$12,300,000) was payable by the Group. That plus the HK\$7,236,000 professional fees for mainly legal and financial advisory services associated with the acquisition together brought a total one-time loss of HK\$19,536,000 to the Group.

## **Future Plans**

Although the Group's acquisition of the French-brand Solola was unsuccessful, the Group will continue to look for unique international accessory and apparel brands with character, market potential and longevity to form distribution, product development and equity partnerships.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHARE OPTIONS**

At 31 March 2008, the interests of the directors and chief executives and their associates in the shares and share options of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required pursuant to Section 352 of the SFO, or which are required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### **Long position in shares:**

#### *Share options*

| <b>Name of director</b> | <b>Capacity</b>                    | <b>Number of share options held</b> | <b>Number of underlying shares</b> |
|-------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Mr. Richard YEN         | Beneficial owner ( <i>note 1</i> ) | 990,000                             | 990,000                            |
| Mr. Duncan CHIU         | Beneficial owner ( <i>note 1</i> ) | 990,000                             | 990,000                            |

#### *Note:*

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

Save as disclosed above, at 31 March 2008, none of the directors, the chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

## SHARE OPTIONS SCHEMES

The Company adopted a Share Option Scheme (the “Scheme”) on 6 March 2002. Under the terms of the Scheme, the Board of the Company may, at their discretion, grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contribution to the Group. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company. Notwithstanding the foregoing, the number of shares to be issued upon the exercise of all the options granted and yet to be exercised under the existing share option scheme and other share option schemes must not exceed 30% of the shares in issue from time to time.

The subscription price will be determined by the Board and will not be less than the highest of (i) the nominal value of the shares on the date of the offer, (ii) the closing price of the shares on the date of grant of the options, and (iii) the average of the closing prices of the shares on the five business days immediately preceding the date of offer of the options. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. The Scheme is valid and effective for a period of ten years from the listing of the Company’s shares on GEM on 26 March 2002. Any options granted under the Scheme may be exercised at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the date of grant of the option. Upon acceptance of the option, the grantee must pay HK\$1.00 to the Company by way of consideration for the grant.

On 3 July 2007, the Company granted the share options to certain of its directors and employees at a nominal consideration of HK\$1.00 for each lot of share option to subscribe for an aggregate of 2,970,000 shares under the Scheme at an exercise price of HK\$0.219 per share. The following table disclosed movements in the Company’s share options under the Scheme during the three months ended 31 March 2008:

|                                 | Date of grant | Exercise period          | Exercise price per share<br>HK\$ | Balance at 1 January 2008 | Exercised during the period | Balance at 31 March 2008 |
|---------------------------------|---------------|--------------------------|----------------------------------|---------------------------|-----------------------------|--------------------------|
| <i>Directors of the Company</i> |               |                          |                                  |                           |                             |                          |
| Mr. Richard YEN                 | 3 July 2007   | 3 July 2007-5 March 2012 | 0.219                            | 990,000                   | –                           | 990,000                  |
| Mr. Duncan CHIU                 | 3 July 2007   | 3 July 2007-5 March 2012 | 0.219                            | 990,000                   | –                           | 990,000                  |
|                                 |               |                          |                                  | 1,980,000                 | –                           | 1,980,000                |
| <i>Employee of the Group</i>    |               |                          |                                  |                           |                             |                          |
| Mr. GOUW Hiap Kian              | 3 July 2007   | 3 July 2007-5 March 2012 | 0.219                            | 990,000                   | –                           | 990,000                  |
|                                 |               |                          |                                  | 2,970,000                 | –                           | 2,970,000                |



No options had been exercised since the date of grant. As at the date of grant, the share price of the Company was HK\$0.16. At 31 March 2008, the number of shares in respect of which options had been granted under the Scheme represents 0.24% of the shares of the Company in issue at that date.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, the interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows :

### Long Position in shares :

| Name of Shareholders   | Number of underlying shares interested or deemed to be interested | Approximate percentage of the Company's issued share capital (%) |
|--|---|--|
| Gouw Hiap Kian ( <i>notes 1</i> )                                | 288,710,000   | 23.15  |
| Ng Choy Yue Mary ( <i>note 1</i> )                               | 288,710,000   | 23.15  |
| Chung Chiu Limited ( <i>note 2 and 3</i> )                       | 246,920,000   | 19.80  |
| HSBC International Trustee Limited ( <i>note 2 and 3</i> )       | 246,920,000   | 19.80  |
| Goldig Properties Limited ( <i>note 2 and 3</i> )                | 246,920,000   | 19.80  |
| Far East Holdings International Limited ( <i>notes 4 and 5</i> ) | 149,373,600   | 11.98  |
| Galaxy China Opportunities Fund                                  | 75,740,000  | 6.07   |
| Deutsche Bank Aktiengesellschaft                                 | 72,740,000  | 5.83   |

#### Notes:

1. Mr. GOUW Hiap Kian is the beneficial owner of 40,800,000 shares of the Company. Adding the 990,000 shares under the Share Options Scheme and 246,920,000 shares he is deemed to be interested in through Goldig Properties Limited, he is interested in a total of 288,710,000 shares of the Company. Being the spouse of GOUW, Hiap Kian, NG Choy Yue Mary is deemed to be interested in the 288,710,000 shares of the Company pursuant to the SFO.
2. Goldig Properties Limited is a wholly owned subsidiary of Chung Chiu Limited, which in turn is wholly owned by a discretionary trust. The founder of the discretionary trust is GOUW Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the SFO, Chung Chiu Limited, GOUW Hiap Kian and HSBC International Trustee Limited are deemed to be interested in the 246,920,000 underlying shares of the Company held by Goldig Properties Limited.
3. Ms. GOUW San Bo, Elizabeth is also a director of Chung Chiu limited and Goldig Properties Limited.
4. Far East Technology International Limited is interested in an aggregate of 149,373,600 shares of the Company.
5. Mr. Duncan Chiu is also the Managing Director and the Chief Executive Officer of Far East Holdings International Limited

Saved as disclosed above, as at 31 March 2008, no persons, other than those disclosed under section header of “Directors’ and Chief Executive’s Interests in Shares and Share Options”, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

## **DIRECTORS’ RIGHTS TO PURCHASE SHARES OR DEBENTURES**

Other than the section headed “Share Option Schemes” as described above, at no time during the three months ended 31 March 2008 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company; or had exercised any such rights during the three months ended 31 March 2008.

## **COMPETING INTEREST**

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

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the three months ended 31 March 2008, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all directors, all directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

## **AUDIT COMMITTEE**

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

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

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

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

Hong Kong, 8 May 2008

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

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