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## **Golife Concepts Holdings Limited**

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

(Stock Code: 8172)

### **RULE 17.10 ANNOUNCEMENT: MEMORANDUM OF UNDERSTANDING IN RESPECT OF FORMATION OF A JOINT VENTURE COMPANY**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that the Company has entered into the Memorandum of Understanding with Itochu Textile on 21 May 2007, pursuant to which the Company and Itochu Textile have agreed to establish GSL which will be principally engaged in the sourcing, brand development and marketing of apparels in Hong Kong, the PRC, Macau and Taiwan. GSL will be owned as to 80% by the Company and 20% by Itochu Textile.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Transaction has been entered into as at the date of this announcement. As the Proposed Transaction may or may not proceed, shareholders of and potential investors in the Company are recommended to exercise caution when dealing in or investing in the Shares.

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#### **THE MEMORANDUM OF UNDERSTANDING**

The Board is pleased to announce that the Company has entered into the Memorandum of Understanding with Itochu Textile on 21 May 2007, pursuant to which the Company and Itochu Textile have agreed to establish GSL which will be principally engaged in the sourcing, brand development and marketing of apparels in Hong Kong, the PRC, Macau and Taiwan (the “**Proposed Transactions**”). GSL will be owned as to 80% by the Company and 20% by Itochu Textile.

Under the Memorandum of Understanding, (a) the Company shall provide sourcing, brand development and marketing services to GSL upon usual commercial terms; (b) Itochu Textile shall provide support services and assistance to GSL relating to brand license acquisition from Itochu JP's group companies; (c) Itochu Textile shall provide sourcing, brand development and marketing services relating to apparels to GSL upon usual commercial terms; and (d) GSL shall provide preferential pricing on services and materials to the Parties.

Pursuant to the Memorandum of Understanding, the Parties have agreed that they shall use their best endeavours to negotiate and enter into the relevant legal documentations for the Proposed Transactions as soon as practicable.

## **REASONS AND BENEFITS OF THE PROPOSED TRANSACTIONS**

In the Management Discussion and Analysis of the Group's Annual Report 2006, the Group said it will continue to identify and forge equity and/or distribution partnership with unique fashion and lifestyle product brands with character, market potential and longevity.

The Group believes that the Proposed Transactions will enable it to consolidate its functions of new brand acquisitions and material sourcing, in further strengthening its brand management and product development capabilities. With the support from Itochu Textile, the Group will be able to access a huge portfolio of international brands from Itochu JP for development in the Greater China markets as well as the facilities of Itochu Textile.

On such basis, the Directors are of the opinion that the terms of the Memorandum of Understanding are fair and reasonable, and that the Proposed Transactions are in the best interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION ON ITOCHU JP**

Itochu JP is a multinational multi-disciplined conglomerate founded in 1858 and based in Japan. With businesses ranging from textiles, machinery, information and communications-related products, metals, products related to oil, chemicals to insurance agencies, finance, construction and real estate trading, Itochu JP made ¥10,474 billion in sales in its fiscal year 2006. Itochu JP employs approximately 4,122 employees and whose shares are listed on 5 stock exchanges in Japan.

The textiles division of Itochu JP, which comprises Itochu Textile amongst other subsidiaries, is engaged in the sale of textile materials, apparel, fashion goods, industrial materials and products related to brand name clothing and household goods. This division holds the master rights in various formats for trademark usage and developing products primarily in Asia from over 100 international brands ranging from Le Sportsec, Bali, Cynthia Rowley, Lanvin to Paul Smith.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Itochu Textile and Itochu JP are third parties independent of the Company and connected persons of the Company (as defined in the GEM Listing Rules).

## GENERAL

The Memorandum of Understanding does not constitute the Parties' legally binding commitments as to the Proposed Transactions. The Board wishes to emphasize that no formal agreement in relation to the Proposed Transactions has been entered into as at the date of this announcement. As the Proposed Transactions may or may not proceed, shareholders of and potential investors in the Company are recommended to exercise caution when dealing in or investing in the Shares.

## DEFINITIONS

“Board”	the board of Directors of the Company
“Company”	Golife Concepts Holdings Limited (Stock code: 8172), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the GEM Board of the Stock Exchange
“Directors”	directors of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“GSL”	Golife Services Limited, a limited company to be incorporated in Hong Kong owned as to 80% by the Company and 20% by Itochu Textile
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Itochu JP”	Itochu Corporation, a company incorporated in Japan
“Itochu Textile”	Itochu Textile Materials (Asia) Limited, a limited company incorporated in Hong Kong
“Macau”	the Macau Special Administrative Region of the PRC
“Memorandum of Understanding”	the Memorandum of Understanding dated 21 May 2007 entered into between the Parties
“Parties”	the Company and Itochu Textile
“PRC”	the People's Republic of China
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“¥”	Japanese Yen, the lawful currency of Japan

By Order of the Board  
**LEUNG TAK WAH**  
*Executive Director*

Hong Kong, 22 May 2007

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lo Mun Lam, Raymond and Mr. Leung Tak Wah; three non-executive Directors, namely Mr. Richard Yen, Mr. Duncan Chiu and Ms. Yu Wai Yin, Vicky; and three independent non-executive Directors, namely Mr. Wan Kwok Pan, Mr. Sum Chun Ho and Mr. Lum Pak Sum.*

*This announcement, 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 Group. The Directors, having made all reasonable enquiries, 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.*

*This announcement will be published on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of publication.*