

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Golife Concepts Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is addressed to the shareholders of the Company in connection with an extraordinary general meeting of the Company to be held on 12 March 2008. This circular is not and does not constitute an offer of, nor is it intended to invite offers for, shares in or other securities of the Company.

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GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8172)

**PROPOSED RIGHTS ISSUE
OF NOT LESS THAN 997,601,190 RIGHTS SHARES AND
NOT MORE THAN 999,977,190 RIGHTS SHARES OF HK\$0.01
EACH ON THE BASIS OF FOUR RIGHTS SHARES
FOR EVERY FIVE SHARES HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.057 PER RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

Financial adviser to the Rights Issue



CIMB-GK Securities (HK) Limited

Underwriters of the Rights Issue



CIMB-GK Securities (HK) Limited

Chung Chiu Limited

Grand Ming Securities Limited

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular. A letter from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in connection with the Rights Issue is set out on pages 22 to 32 of this circular.

It should be noted that the last day of dealings in Shares on a cum-rights basis is 4 March 2008. The Shares will be dealt with on an ex-rights basis from 5 March 2008.

To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be 12 March 2008. In order to be registered as a member of the Company on the Record Date, any transfers of Shares (with the relevant share certificates) must be lodged to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:00 p.m. on 6 March 2008.

A notice convening the EGM to be held at 22/F, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong at 10:00 a.m. on 12 March 2008 is set out on pages 99 to 100 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's 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 the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment of it if you so wish.

It should be noted that pursuant to the Underwriting Agreement, CIMB-GK (on behalf of the Underwriters) has the right by notice in writing to the Company at any time prior to 6:00 p.m. on the second Business Day following the latest time for acceptance of provisional allotments of the Rights Shares, which is expected to be 28 March 2008, to terminate the obligations of the Underwriters on the occurrence of certain event. These event are set out in paragraph headed "Termination of the Underwriting Agreement" on pages 13 to 15 of this circular.

Upon termination of the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company will remain liable to pay the Underwriters the fees and expenses and to indemnify the Underwriters against any loss or liability pursuant to the terms of the Underwriting Agreement (if any). If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from 17 March 2008 to 25 March 2008 (both days inclusive). If the conditions of the Rights Issue are not fulfilled and/or waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriters may determine in writing), or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of the release of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between 17 March 2008 to 25 March 2008 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

CHARACTERISTICS OF GEM

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. GEM-listed issuers 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.

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EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that the Rights Issue will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as soon as practicable. All times and dates in this circular refer to Hong Kong local times and dates.

(2008)

Despatch of the Company's Circular with notice of EGM	25 February
Last day of dealing in Shares on a cum-rights basis	4 March
First day of dealing in Shares on an ex-rights basis	5 March
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:00 p.m. on 6 March
Latest time for return of the form of proxy for use at the EGM	10:00 a.m. on 10 March
Register of members of the Company closes (both dates inclusive)	7 March to 12 March
Date of EGM	10:00 a.m. on 12 March
Record Date	12 March
Announcement of results of EGM appears in websites of the Stock Exchange and the Company	12 March
Register of members re-opens	13 March
Despatch of the Rights Issue Documents	14 March
First day of dealings in nil-paid Rights Shares	17 March
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on 18 March
Last day of dealings in nil-paid Rights Shares	25 March
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on 28 March
Latest time for the Rights Issue to become unconditional ^(Note)	4:00 p.m. on 1 April
Announcement of results of acceptance of and excess applications for the Rights Issue	3 April

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	8 April
Despatch of certificates for fully-paid Rights Shares on or before.	8 April
Commencement of dealings in fully-paid Rights Shares	10 April

Note:

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is:

- (i) a tropical cyclone warning signal number 8 or above; or
- (ii) a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of and payment for the Rights Shares. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on the expected latest date for acceptance of the offer of the Rights Shares, the dates subsequent to the said latest expected date mentioned in this section may be affected. Announcement will be posted to the GEM website by the Company in such event as soon as practicable.

DEFINITIONS

In this Circular, the following expressions have the following meanings unless otherwise specified:

“Acceptance Date”	the date on which the Rights Shares are accepted and paid for being a date falling not later than 15 days after the Posting Date (or such other date as the Underwriters and the Company may agree from time to time in writing)
“Announcement”	the announcement of the Company dated 4 February 2008 in relation to, among other things, the proposed Rights Issue
“associate(s)”	has the same meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays and Sundays) on which commercial banks are generally open for ordinary business in Hong Kong
“Chung Chiu”	Chung Chiu Limited, a company incorporated in the British Virgin Islands and is wholly owned by a discretionary trust founded by Mr. Gouw Hiap Kian. Chung Chiu Limited is deemed to be interested in 19.80% of the Company through its 100% shareholding in Goldig as at the Latest Practicable Date
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO; being one of the Underwriters
“Committed Shareholders”	Mr. Gouw Hiap Kian, Goldig and Far East
“Company”	Golife Concepts Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the GEM
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 12 March 2008 to approve the Rights Issue

DEFINITIONS

“Excluded Shareholder(s)”	the Overseas Shareholders whom the Board, after making enquiries, considers it necessary or expedient not to offer the Rights Shares to on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Far East”	Far East Holdings International Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange. Far East is interested in 11.98% of the Company as at the Latest Practicable Date
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Grand Ming”	Grand Ming Securities Limited, a corporation licensed to conduct Type 1 (dealing in securities) regulated activity under the SFO; being one of the Underwriters
“Goldig”	Goldig Properties Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiaries of Chung Chiu, which in turn is wholly-owned by a discretionary trust, founded by Mr. GOUW Hiap Kian. Goldig is interested in 19.80% of the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising Messrs. LUM Pak Sum, SUM Chun Ho and WAN Kwok Pan, formed to advise the Independent Shareholders in respect of the terms of the Rights Issue
“Independent Shareholders”	Shareholders other than Mr. LO Mun Lam Raymond, Ms. GOUW San Bo Elizabeth, Mr. Richard YEN, Mr. Duncan CHIU, Ms. YU Wai Yin, Vicky and their respective associates (including Mr. GOUW Hiap Kian and Goldig)
“Irrevocable Undertakings”	the irrevocable undertaking(s) dated 4 February 2008 given by each of the Committed Shareholders in favour of the Company and the Underwriters
“Last Trading Date”	29 January 2008

DEFINITIONS

“Latest Acceptance Time”	4:00 p.m. on 28 March 2008 or such later time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of Rights Shares
“Latest Practicable Date”	21 February 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Overseas Shareholder(s)”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Posting Date”	the date on which the Prospectus will be despatched to Shareholders which is expected to be 14 March 2008
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the registers of members of the Company at the close of business on the Record Date
“Quam Capital”	Quam Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Record Date”	12 March 2008
“Rights Issue”	the issue by way of rights of not less than 997,601,190 Rights Shares (assuming no Share Options are exercised on or before the Record Date) and not more than 999,977,190 Right Shares (assuming all Share Options are exercised on or before the Record Date) in the proportion of four Rights Shares for every five existing Shares held on the Record Date at the Subscription Price payable in full on acceptance
“Rights Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	new Share(s) of HK\$0.01 each to be allotted and issued under the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Option(s)”	share options granted under the share option schemes of the Company adopted on 6 March 2002, entitling the holders thereof to subscribe for Shares
“Shareholder(s)”	holder(s) of Share(s) as recorded on the registers of members of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Subscription Price”	the subscription price of HK\$0.057 per Rights Share
“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)
“Underwriters”	Chung Chiu, Grand Ming and CIMB-GK
“Underwritten Shares”	Not more than 649,510,310 Rights Shares
“Underwriting Agreement”	the underwriting agreement dated 4 February 2008 entered into between the Company and the Underwriters in relation to the Rights Issue
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.



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

25 February 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
OF NOT LESS THAN 997,601,190 RIGHTS SHARES AND
NOT MORE THAN 999,977,190 RIGHTS SHARES OF HK\$0.01
EACH ON THE BASIS OF FOUR RIGHTS SHARES
FOR EVERY FIVE SHARES HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.057 PER RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

INTRODUCTION

On 4 February 2008, the Board announced that the Company proposed to raise funds ranging from approximately HK\$56.86 million to approximately HK\$57.00 million, before expenses, by way of the Rights Issue of not less than 997,601,190 Rights Shares and not more than 999,977,190 Rights Shares at the Subscription Price of HK\$0.057 per Rights Share. The Company will provisionally allot four Rights Shares in nil-paid form for every five Shares held by each Qualifying Shareholder on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

LETTER FROM THE BOARD

The estimated net proceeds of the Rights Issue will be approximately HK\$55 million (assuming that no outstanding Share Options are exercised on or before the Record Date). The Group intends to use the net proceeds of the Rights Issue to partially finance the acquisition of 96.57% interest in Financière Solola Group, as announced by the Company on 19 November 2007.

Pursuant to the requirements of the GEM Listing Rules, the proposed Rights Issue is conditional upon the approval by the Shareholders at the EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company are required to abstain from voting in favour of the Rights Issue. Accordingly, Mr. LO Mun Lam Raymond, Ms. GOUW San Bo Elizabeth, Mr. Richard YEN, Mr. Duncan CHIU, Ms. YU Wai Yin, Vicky and their respective associates (including Mr. Gouw Hiap Kian and Goldig), to the extent they hold any Shares, are required to abstain from voting in favour of the Rights Issue at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee has appointed Quam Capital to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The purpose of this Circular is to give you further information, among other things, details of the Rights Issue, the advice and recommendation of the Independent Board Committee and the letter from Quam Capital to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM.

PROPOSED RIGHTS ISSUE

Basis of the Rights Issue:	Four Rights Shares for every five existing Shares held on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date:	1,247,001,488 Shares
Outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date:	Share Options attaching subscription rights to subscribe for 2,970,000 Shares
Number of Rights Shares (assuming no Share Options are exercised on or before the Record Date):	997,601,190 Rights Shares

LETTER FROM THE BOARD

Maximum number of Rights Shares: Assuming the subscription rights attaching to all Share Options are exercised in full on or before the Record Date, the maximum number of Rights Shares to be issued will be 999,977,190 Rights Shares

Assuming that no Share Options are exercised on or before the completion of the Rights Issue, the nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent approximately 80% of the Company's existing issued share capital as at the Latest Practicable Date, and approximately 44.44% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue.

The number of Rights Shares which may be issued pursuant to the Rights Issue will increase in proportion to any additional new Shares which may be allotted and issued pursuant to the exercise of the Share Options on or before the Record Date. As at the date of the release of the Announcement, there were Share Options outstanding, attaching subscription rights to subscribe for 2,970,000 Shares. If all the subscription rights attaching to all such Share Options are duly exercised and Shares are issued and allotted accordingly on or before the Record Date, the number of issued Shares of the Company will increase to 1,249,971,488 Shares and the number of Rights Shares that may be issued pursuant to the Rights Issue is expected to increase to 999,977,190 Rights Shares.

As at the Latest Practicable Date, other than the Share Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Rights Shares

The Subscription Price for the Rights Shares is HK\$0.057 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price of HK\$0.057 per Rights Share represents:

- a discount of approximately 5.00% to the closing price of HK\$0.0600 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 4.68% to the average closing price of HK\$0.0598 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 7.92% to the average closing price of HK\$0.0619 per Share for the ten consecutive trading days up to and including the Last Trading Date;

LETTER FROM THE BOARD

- a discount of approximately 3.39% to the theoretical ex-rights price of HK\$0.059 per Share based on the closing price of HK\$0.0600 as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 16.18% to the closing price of HK\$0.0680 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 9.52% to the theoretical ex-right price of HK\$0.0630 per Share based on the closing price as quoted on the Stock Exchange on the Latest Practicable Date; and
- a premium of approximately 185.00% over the unaudited consolidated net tangible asset value per Share of approximately HK\$0.02 (calculated by using the latest published unaudited net tangible asset value of the Group as at 30 June 2007 and dividing this sum by the 1,247,001,488 Shares in issue as at the date of the release of the Announcement).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the then market environment, prevailing Share prices and the future prospects of the Group. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the then existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Rights Shares.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders (see the paragraph headed "Excluded Shareholders" below), any unsold fractions of Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

LETTER FROM THE BOARD

Applications may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to applicants in proportion to the excess Rights Shares applied by them.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary document with the share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on 6 March 2008.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to Qualifying Shareholders who have accepted and applied for (where appropriate), and fully paid for the Rights Shares on or before 16 April 2008 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are expected to be noted on or before 8 April 2008 by ordinary post to applicants at their own risk.

Qualifying Shareholders

The Company will send (i) the Rights Issue Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Shareholders. The Excluded Shareholders will be entitled to attend and vote at the EGM.

To qualify for the Rights Issue, the Shareholders must be registered as members of the Company on the Record Date. In order to qualify for the Rights Issue, Share Options holder must (i) exercise its subscription rights of the Share Options in accordance with the relevant procedures specified in the rules of the Share Option Scheme on or before the Record Date; (ii) be registered as a holder of the Shares allotted pursuant to the exercise of the subscription rights of the Share Options on or before the Record Date; and (iii) not be an Excluded Shareholder.

LETTER FROM THE BOARD

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant Share certificate(s)) with the Company's share registrar in Hong Kong by 4:00 p.m. on 6 March 2008. The last day of dealings in Shares on a cum-rights basis is therefore expected to be 4 March 2008. The Shares are expected to be dealt with on an ex-rights basis from 5 March 2008.

The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

It is intended that the Company's register of members will be closed from 7 March 2008 to 12 March 2008, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Excluded Shareholders

Based on the register of members of the Company as at 1 February 2008, all Shareholders had their registered address in Hong Kong, and therefore, there were no Overseas Shareholders.

If there are Overseas Shareholders at the close of business on the Record Date, the Directors will make enquiries, to be based on legal opinions provided by legal advisers if the Directors consider it necessary, as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will only send the Prospectus to the Excluded Shareholders for their information. The Excluded Shareholders will be entitled to attend and vote at the EGM.

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

LETTER FROM THE BOARD

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the acquisition, holding or disposal of, or dealing in the Rights Shares and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasized that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, the following conditions being fulfilled:

- (i) the passing of the necessary resolutions by the Shareholders to approve the Rights Issue at the EGM;
- (ii) the Rights Issue Documents being duly approved by the Directors, as evidenced by the signing by or on behalf of all of the Directors on or before the Posting Date of four copies of each of the Rights Issue Documents and the certification by two Directors of two copies of each of the Rights Issue Documents and the delivery on or before the Posting Date of one such signed copy of each of the Rights Issue Documents to the Underwriters;
- (iii) the delivery to the Stock Exchange and registration by the registrar of companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Rights Issue Documents each duly certified by two Directors or their duly authorised agents in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto), the filing and registration with the registrar of companies in the Cayman Islands on or before the Posting Date of one copy of each of the Rights Issue Documents each duly signed by or on behalf of the Directors as required by the Companies Law, and otherwise complying with the requirements of the Companies Ordinance, the Companies Law and the GEM Listing Rules;
- (iv) the posting on the Posting Date of copies of the Rights Issue Documents to the Qualifying Shareholders;

LETTER FROM THE BOARD

- (v) the Listing Committee of the GEM agreeing to grant listings of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the Posting Date and the Listing Committee of the GEM not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the second Business Day following the Acceptance Date; and
- (vi) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

None of the Company and the Underwriters may waive conditions (i), (ii), (iii), (iv) and (v) set out above. The Underwriters may waive condition (vi) set out above in whole or in part by written notice to the Company. If any of the conditions of the Rights Issue are not fulfilled or (in respect of condition (vi) only) waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriters may determine in writing), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriters shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

(a) Subscription undertakings

As at the Latest Practicable Date, the Committed Shareholders, namely Mr. GOUW Hiap Kian, Goldig and Far East are interested in 40,800,000 Shares, 246,920,000 Shares and 149,373,600 Shares respectively, representing approximately 3.27%, 19.80% and 11.98% respectively of the existing issued share capital of the Company. As at the Latest Practicable Date, Mr. GOUW Hiap Kian holds 990,000 Share Options, which, if fully exercised on or before the Record Date, will increase his interest in the Company to 41,790,000 Shares. Pursuant to the Rights Issue, Mr. GOUW Hiap Kian, Goldig and Far East will be entitled to a maximum of 33,432,000 Rights Shares (assuming all Share Options held by Mr. GOUW Hiap Kian are exercised on or before the Record Date), 197,536,000 Rights Shares and 119,498,880 Rights Shares respectively.

Each of the Committed Shareholders has irrevocably undertaken to the Company and the Underwriters that: (i) the Shares beneficially owned by them will remain registered in their names from the date of their Irrevocable Undertakings up to the close of business of the Record Date; (ii) they will subscribe or procure the subscription of the Rights Shares which constitute the provisional allotment of Rights Shares in respect of Shares beneficially owned by them pursuant to the terms of the Rights Issue and lodge with the Company acceptance in respect of all the Rights Shares provisionally allotted to them and/or their nominee(s), with payment in full therefor in cash (whether by cheque or banker's draft or such other form as the Company may approve); and (iii) they will not and will procure that (so far as reasonably possible) companies controlled by them will not dispose of or transfer the

LETTER FROM THE BOARD

beneficial interests in any of the Shares beneficially owned by them from the date of their Irrevocable Undertakings up to and including two Business Days after the day by which provisional allotments of Rights Shares may be validly accepted and excess Rights Shares may be validly applied for.

(b) Underwriting Agreement dated 4 February 2008

Issuer:	The Company		
Underwriters:	Chung Chiu, Grand Ming and CIMB-GK		
Number of Underwritten Shares (assuming all Share Options are exercised on or before the Record Date):	Not more than 649,510,310 Rights Shares, being the total number of Rights Shares under the Rights Issue excluding not more than 350,466,880 Rights Shares undertaken to be subscribed by the Committed Shareholders pursuant to their Irrevocable Undertakings		
The number of Rights Shares underwritten by each of the Underwriters are as follows:	–	Chung Chiu	Not more than 133,038,777 Rights Shares
	–	Grand Ming	Not less than 424,623,585 and not more than 425,352,225 Rights Shares
	–	CIMB-GK	Not less than 90,263,948 and not more than 91,119,308 Rights Shares
Commission:	2% of the aggregate Subscription Price of the Underwritten Shares		

The Directors consider that the terms of the Underwriting Agreement (including the commission amount) have been determined based on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

(c) Termination of the Underwriting Agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement, the right of which is exercisable by CIMB-GK (on behalf of the Underwriters) by notice in writing to the Company at any time prior to 6:00 p.m. on two Business Days following the latest time for acceptance of provisional allotments of the Rights Shares, which is expected to be 28 March 2008, if (among other things):

- (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

LETTER FROM THE BOARD

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
- (v) a change or development involving a prospective material change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially adversely affect the Company; or
- (vi) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong, the People's Republic of China or the United States of America (including without limitation suspension or material restriction on trading in securities); or
- (vii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriters makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (viii) if the Underwriters shall become aware of, the fact that any of the representations or warranties contained the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated the Underwriters shall, at their absolute discretion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue.

LETTER FROM THE BOARD

Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company will remain liable to pay the Underwriters the fees and expenses and to indemnify the Underwriters against any loss or liability pursuant to the terms of the Underwriting Agreement (if any).

If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from 5 March 2008. Dealings in the Rights Shares in the nil-paid form will take place from 17 March 2008 to 25 March 2008 (both days inclusive). If the conditions of the Rights Issue are not fulfilled and/or waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriters may determine in writing), or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of the release of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between 17 March 2008 to 25 March 2008 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue except pursuant to the exercise of Share Options and the transactions contemplated under the Underwriting Agreement:

Name of Shareholder/ Beneficial owner	Existing shareholding as at the Latest Practicable Date		Shareholding assuming all Share Options are exercised on or before the Record Date		Immediately after completion of the Rights Issue (assuming no Share Options are exercised on or before the Record Date and assuming all Shareholders have taken up their rights entitlements)		Immediately after completion of the Rights Issue (assuming all Share Options are exercised on or before the Record Date and assuming all Shareholders have taken up their rights entitlements)		Immediately after completion of the Rights Issue (assuming no Share Options are exercised on or before the Record Date and assuming no Shareholders (other than the Committed Shareholders) have taken up their rights entitlements)		Immediately after completion of the Rights Issue (assuming all Share Options are exercised on or before the Record Date and assuming no Shareholders (other than the Committed Shareholders) have taken up their rights entitlements)	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Mr. Gouw Hiap Kian (Note 1)	40,800,000	3.27	41,790,000	3.34	73,440,000	3.27	75,222,000	3.34	73,440,000	3.27	75,222,000	3.34
Goldig (Note 1)	246,920,000	19.80	246,920,000	19.75	444,456,000	19.80	444,456,000	19.75	444,456,000	19.80	444,456,000	19.76
Chung Chiu (Note 1)	-	-	-	-	-	-	-	-	133,038,777	5.93	133,038,777	5.91
Sub-total of Shares Mr. Gouw Hiap Kian deemed to be interested in	287,720,000	23.07	288,710,000	23.10	517,896,000	23.07	519,678,000	23.10	650,934,777	29.00	652,716,777	29.01
Duncan Chiu	-	-	990,000	0.08	-	-	1,782,000	0.08	-	-	990,000	0.04
Richard Yen	-	-	990,000	0.08	-	-	1,782,000	0.08	-	-	990,000	0.04
Far East (Note 2)	149,373,600	11.98	149,373,600	11.95	268,872,480	11.98	268,872,480	11.95	268,872,480	11.98	268,872,480	11.95
Grand Ming	-	-	-	-	-	-	-	-	424,623,585	18.92	425,352,225	18.91
CIMB-GK (Note 2)	-	-	-	-	-	-	-	-	90,263,948	4.02	91,119,308	4.05
Other public Shareholders	809,907,888	64.95	809,907,888	64.79	1,457,834,198	64.95	1,457,834,198	64.79	809,907,888	36.08	809,907,888	36.00
Total:	1,247,001,488	100.00	1,249,971,488	100.00	2,244,602,678	100.00	2,249,948,678	100.00	2,244,602,678	100.00	2,249,948,678	100.00

Notes: 1) Goldig is a wholly owned subsidiary of Chung Chiu, which in turn is wholly owned by a discretionary trust. The founder of such discretionary trust is Mr. Gouw Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. Under the SFO, each of Chung Chiu and Mr. Gouw Hiap Kian is deemed to be interested in the 246,920,000 Shares held by Goldig.

LETTER FROM THE BOARD

- 2) CIMB-GK has entered into sub-underwriting arrangement with Far East whereby Far East has sub-underwritten the entire maximum 91,119,308 Rights Shares from CIMB-GK (assuming all Share Options are exercised on or before the Record Date and assuming no Shareholders (other than the Committed Shareholders) have taken up their rights entitlements). In the event that all of the 91,119,308 Rights Shares are required to be taken up by Far East, Far East's shareholding interest in the Company would increase from 11.95% to 16% immediately after completion of the Rights Issue (assuming all Share Options are exercised on or before the Record Date and assuming no Shareholders (other than the Committed Shareholders) have taken up their rights entitlements).

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The net proceeds from the Rights Issue, assuming no Share Options are exercised prior to the Record Date) after deducting for expenses are estimated to be approximately HK\$55 million. The Company intends to use the proceeds to partially finance the initial consideration of HK\$87.80 million for the acquisition of 96.57% interest in the Financière Solola Group announced on 19 November 2007, which is due for completion in late April 2008. Given the existing financial position of the Group, the Directors consider that the Rights Issue is an appropriate method to finance the acquisition as the Rights Issue will enlarge the capital base of the Company and that all Shareholders will be given an opportunity to participate in the future growth of the Company. Accordingly, the Directors are of the view that the Rights Issue is in the interests of the Group and the Shareholders as a whole.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 30,000 Shares in one board lot.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS. You should seek the advice of your licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

LETTER FROM THE BOARD

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty in Hong Kong.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Save for as disclosed below, the Company has not conducted other equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date.

Date of agreement	Transaction	Net proceeds raised/to be raised	Intended use of proceeds	Actual use of proceeds
5 June 2007	Issue of 150,000,000 new Shares under the subscription agreement dated 5 June 2007	HK\$24.3 million	<ul style="list-style-type: none">- Approximately HK\$14.5 million for the expansion of its retail distribution network in Hong Kong and the PRC for existing brands (Anya Hindmarch, Paule Ka and Life of Circle) and new brands (Cynthia Rowley and Herend) of the Group;- Approximately HK\$4.9 million for brand and product development for existing and new brands of the Group; and- Approximately HK\$4.9 million for marketing and as general working capital of the Group	<ul style="list-style-type: none">- Approximately HK\$14.5 million for the expansion of its retail distribution network;- Approximately HK\$5.1 million for product development; and- Approximately HK\$4.7 million for general working capital of the Group

ADJUSTMENTS TO THE EXERCISE PRICE OF THE SHARE OPTIONS OR NUMBER OF SHARES TO BE SUBSCRIBED UNDER THE SHARE OPTIONS

Pursuant to the note to Rule 23.03(13) of the GEM Listing Rules, the Company has appointed the Company's auditors to review whether or not adjustments to the exercise price of the Share Options or the number of Shares to be subscribed for under the Share Options as a result of the completion of the Rights Issue are necessary. The adjustments to the exercise price of the Share Options, if any, will be disclosed in the Prospectus.

GENERAL

Each of Chung Chiu and Far East is a substantial Shareholder and therefore a connected person (as defined in the GEM Listing Rules) of the Company and their respective ordinary business does not include underwriting. The entering into of the Underwriting Agreement by Chung Chiu and the sub-underwriting arrangement by Far East constitute exempt connected transactions for the Company under Rule 20.31(3)(c) of the GEM Listing Rules, and is therefore exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE BOARD

Pursuant to the requirements of the GEM Listing Rules, the proposed Rights Issue is conditional upon the approval by the Shareholders at the EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company are required to abstain from voting in favour of the Rights Issue. Accordingly, Mr. LO Mun Lam Raymond, Ms. GOUW San Bo Elizabeth, Mr. Richard YEN, Mr. Duncan CHIU, Ms. YU Wai Yin, Vicky and their respective associates (including Mr. Gouw Hiap Kian and Goldig), to the extent they hold any Shares, will abstain from voting in favour of the Rights Issue at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee has appointed Quam Capital to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

EGM

The Company will convene the EGM at 22/F, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong on 12 March 2008 at 10:00 a.m. at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Rights Issue by the Shareholders by way of poll. The notice of the EGM is set out on pages 99 to 100 of this circular.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's 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 the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment of it if you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Rights Issue.

LETTER FROM THE BOARD

Your attention is also drawn to the letter from Quam Capital set out on pages 22 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders as regards the Rights Issue and the principal factors and reasons considered by it in arriving there at.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
LO Mun Lam, Raymond
Executive Director



GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

25 February 2008

To the Independent Shareholders

Dear Sir/Madam,

**PROPOSED RIGHTS ISSUE
OF NOT LESS THAN 997,601,190 RIGHTS SHARES AND
NOT MORE THAN 999,977,190 RIGHTS SHARES OF HK\$0.01
EACH ON THE BASIS OF FOUR RIGHTS SHARES
FOR EVERY FIVE SHARES HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE OF HK\$0.057 PER RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

We refer to the letter from the Board set out in the circular dated 25 February 2008 (the "Circular") of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the Rights Issue and to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole and to recommend whether the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue. Quam Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

We wish to draw your attention to the letter from the Board and the letter from Quam Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us and you in relation to the Rights Issue as set out in the Circular.

Having taken into account the principal factors and reasons considered by, and the opinion of, Quam Capital as stated in its letter of advice as set out on pages 22 to 32 of the Circular, we consider the terms of the Rights Issue are fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Rights Issue to be proposed at the EGM.

Yours faithfully,
For and on behalf of

Independent Board Committee

Mr. Lum Pak Sum
Independent non-executive Director

Mr. Sum Chun Ho
Independent non-executive Director

Mr. Wan Kwok Pan
Independent non-executive Director

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders of the Company in respect of the terms of the Rights Issue.



Quam Capital Limited 華富嘉洛企業融資有限公司

Financial Services Group A Member of The Quam Group

25 February 2008

To the Independent Board Committee and the Independent Shareholders
Golife Concepts Holdings Limited
Suite A, 15/F
Wyndham Place
40-44 Wyndham Street
Central
Hong Kong

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
OF NOT LESS THAN 997,601,190 RIGHTS SHARES
AND NOT MORE THAN 999,977,190 RIGHTS SHARES OF HK\$0.01 EACH
IN THE PROPORTION OF
FOUR RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES
HELD ON THE RECORD DATE
AT HK\$0.057 PER RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. Details of the terms of the Rights Issue are set out in the "Letter from the Board" contained in the circular issued by the Company to the Shareholders dated 25 February 2008 (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Mr. Lum Pak Sum, Mr. Sum Chun Ho and Mr. Wan Kwok Pan, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue is on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and to advise the Independent Board Committee and the Independent Shareholders as to whether to vote in favour of the Rights Issue. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders.

LETTER FROM QUAM CAPITAL

Quam Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Rights Issue.

In formulating our recommendation, we have relied on the information, facts supplied by the Company, and the opinions expressed by and the representations of the Directors and management of the Company. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date thereof and may be relied upon. We have also assumed that all statements and representations made or referred to in the Circular are true at the time that they were made and continue to be true at the date thereof. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background

The Company is an investment holding company and is principally engaged in distribution and management of brand named products. The Company is also engaged in the franchised sales of (i) London-based Anya Hindmarch, a brand offering designer ladies' handbag, leather accessories, luggage, shoes and apparel; and (ii) Paris based Paule Ka, a women's wear design house. The Company also has equity interests and is involved in the product distribution of Life of Circle, a brand offering lifestyle consumer products including but not limited to jewelry and accessories.

(a) Recent financial performance

Table 1 below sets out a summary of the financial performance of the Group for the financial year ended 31 March 2006 and the nine months ended 31 December 2006 and 30 September 2007 respectively as extracted from Appendix I to the Circular.

LETTER FROM QUAM CAPITAL

Table 1: Financial information summary

	For the 9 months ended 30 September 2007 <i>HK\$'000</i> (Unaudited)	For the 9 months ended 31 December 2006 <i>HK\$'000</i> (Audited)	For the year ended 31 March 2006 <i>HK\$'000</i> (Audited)
Turnover	39,454	18,885	1,359
Profit/(Loss) attributable to shareholders	(1,979)	1,148	(17,726)

As stated in the Company's annual report for the year ended 31 December 2006, the Group changed its financial year-end from 31 March to 31 December after the publication of the annual report for the year ended 31 March 2006. Hence, the results for the financial year of 2006 are effectively the results of the 9 months ended 31 December 2006. Prior to the change in financial year-end, the Company was organised into two operating divisions – (i) design, development and sales of location-based technology devices and applications; and (ii) sales and distribution of high-end apparel and accessories. Commencing the last quarter of 2006, the Company has focused on the latter activities.

For the 9 months ended 31 December 2006, the Group recorded a turnover of approximately HK\$18,885,000, an increase of 1,290% against the entire financial year ended 31 March 2006. The Group turned around its business to report profit of HK\$1,148,000 against loss of HK\$17,726,000 for the year ended 31 March 2006. The Group's improved financial results is mainly attributable to the consolidation of the 5-month results of Golife (Hong Kong) Limited following the completion of the acquisition of 100% equity interest in the same on 31 July 2006 (the "Golife Acquisition").

During the nine month period under review, 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, and the balance of HK\$5.25 million as working capital of the Group. HK\$1.85 million was earmarked for brand marketing.

It is also noted in the Company's quarterly report for the nine months ended 30 September 2007 that the Group has achieved steady financial results mainly contributed by the lifestyle-products business. As stated in the Appendix I to the Circular, the Group expanded rapidly with 8 new points-of-sales opened and commenced brand development effort and distribution operations for the new Life of Circle brand during the period. Turnover of the Group was approximately HK\$39,454,000 for the period, representing an increase of 109% compared with the corresponding period last year.

LETTER FROM QUAM CAPITAL

However, due to the expansion, certain one-off administration, professional and pre-operation expenses were incurred. Furthermore, during the first quarter of 2007, a one-off HK\$436,000 imputed interest cost on the outstanding convertible notes was charged to the Group (another HK\$62,000 for the second quarter). As such, together with the startup loss of HK\$1,463,000 in relation to new brand Life of Circle, loss attributable to Shareholders after tax was HK\$1,979,000. Since 15 May 2007, after all outstanding notes were converted, there has been no such additional cost incurred.

(b) Recent fund raising activities

On 18 June 2007, the Group completed a top-up placement of 150,000,000 new Shares at HK\$0.165 per Share and raised net proceeds of approximately HK\$24,415,000. Of that total amount, approximately 60% has been earmarked for supporting expansion of the Group's retails distribution network in Hong Kong and the PRC for existing brands (Anya Hindmarch, Paule Ka and Life of Circle) and new brands (Cythia Rowley and Herend). Approximately 20% would be invested in brand and product development for existing and new brands and the remaining 20% would be used for marketing and as general working capital of the Group.

Save as disclosed above, the Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months prior to the date of the Announcement dated 4 February 2008.

(c) Reasons for the Rights Issue and use of proceeds

The net proceeds from the Rights Issue (assuming no Share Options are exercised prior to the Record Date) after expenses are estimated to be approximately HK\$55 million. The Company intends to use the proceeds to partially finance the initial consideration of HK\$87.80 million for the acquisition of 96.57% interest in the Financière Solola Group (the "Acquisition") announced on 19 November 2007.

As stated in the Letter from the Board, in view of the Company's existing financial position of the Group, the Directors consider the Rights Issue an appropriate method to finance the Acquisition as the Rights Issue will enlarge the capital base of the Company and that all Shareholders are given the opportunity to participate in the future growth of the Company. Moreover, the Rights Issue is effected on a pro-rata basis, as such it will offer all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enable the Qualifying Shareholders to maintain their proportionate interests in the Company.

LETTER FROM QUAM CAPITAL

2. Subscription Price

The Rights Issue will be made available to the Qualifying Shareholders at the Shares Subscription Price of HK\$0.057 per Rights Share on the basis of four Rights Shares for every five Shares in issue on the Record Date.

The Subscription Price of HK\$0.057 per Rights Share represents:

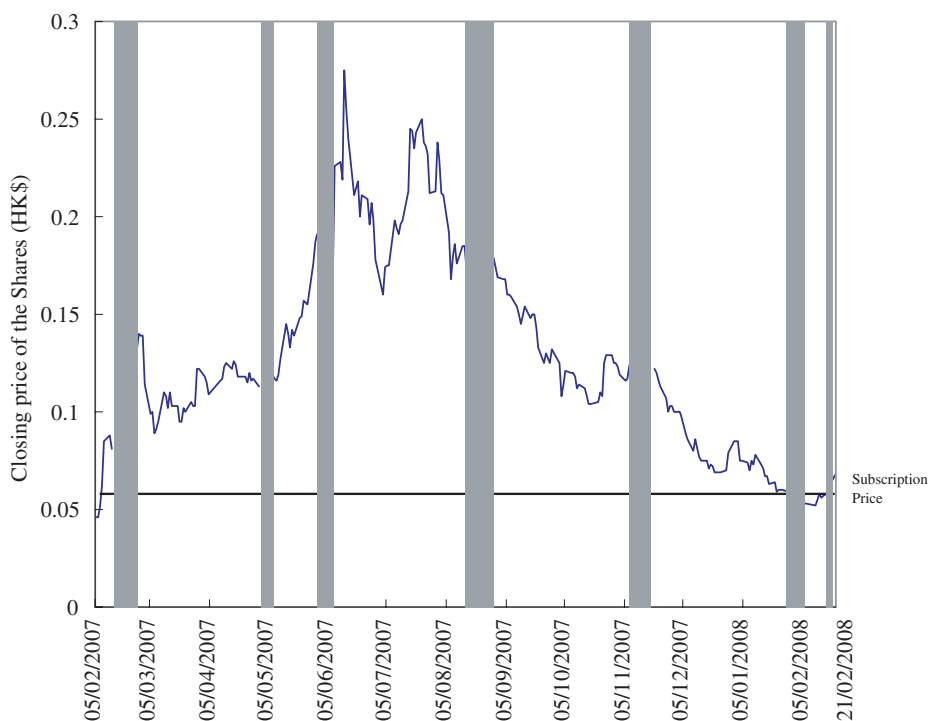
- a discount of approximately 5.00% to the closing price of HK\$0.0600 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 4.68% to the average closing price of HK\$0.0598 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 7.92% to the average closing price of HK\$0.0619 per Share for the 10 consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 3.39% to the theoretical ex-rights price of HK\$0.0590 per Share based on the closing price of HK\$0.0600 as quoted on the Stock Exchange on the Last Trading Date; and
- a discount of approximately 16.18% to the closing price of HK\$0.0680 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 9.52% to the theoretical ex-right price of HK\$0.0630 per Share based on the closing price as quoted on the Stock Exchange on the Latest Practicable Date; and
- a premium of approximately 185.00% over the unaudited consolidated net tangible asset value per Share of approximately HK\$0.02 (calculated by using the latest published unaudited net tangible asset value of the Group as at 30 June 2007 and dividing this sum total by the 1,247,001,488 Shares in issue as at the date of the Announcement).

As stated in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the then market condition, prevailing Share prices and the future prospects of the Group.

Share price performance

The following chart illustrates the closing price of the Shares on the Stock Exchange from 5 February 2007 to the date of the Announcement and up to and including the Latest Practicable Date (the "Review Period"):

Chart 1: Share performance



Source: the Stock Exchange website (www.hkex.com.hk)

During the periods between 5 February 2007 and 7 February 2007; and between 5 February 2008 and 14 February 2008, the Shares had been traded below the Subscription Price and between 15 February 2008 and the Latest Practicable Date, the Shares were traded at Subscription Price or above. From 8 February 2007 to the date of the Announcement, the Share price had fluctuated within a range between HK\$0.059 and HK\$0.275 per Share, which are above the Subscription Price at all times.

In order to enhance the attractiveness of a rights issue exercise, it is the market practice that the subscription price of a rights issue represents a discount to the prevailing market prices of the relevant shares. Hence, the fact the Subscription Price is lower than the prevailing market prices of the Shares is in line with the normal market practice.

Comparables

In assessing the fairness of the Subscription Price, we have, to the best of our knowledge, reviewed the rights issues (the “Rights Issue Comparables”) announced on 3 July 2007 up to the date of the Announcement, details of which are set out below:

LETTER FROM QUAM CAPITAL

Company name	Date of announcement	Closing price on the last trading day before announcement <i>HK\$</i>	Discount of subscription price to closing price on the last trading day before announcement <i>%</i>	Discount of effective subscription price to the theoretical ex-rights price per share <i>%</i>	Underwriting commission <i>%</i>
2007					
Century Legend Holdings Limited	3 July	0.89	60.67	50.70	1.00
Shangri-la Asia Limited	3 July	18.9	4.80	4.30	1.00
The Sun's Group Limited	8 August	3.30	69.70	60.50	1.50
Sino Technology Investments Company Limited	16 August	0.315	87.30	33.33	2.11
New Heritage Holdings Limited	17 August	0.61	14.75	11.86	1.25
Heritage International Holdings Limited	27 August	0.116	13.79	9.09	2.50
China Star Entertainment Limited	30 August	0.242	17.36	12.28	2.50
See Corporation Limited	13 September	0.255	52.90	27.30	2.50
Cash Financial Services Group Limited	2 October	0.67	40.30	32.50	0.00
GFT Holdings Limited	10 October	0.099	61.62	28.64	2.50
Karrie International Holdings Limited	11 October	1.03	27.18	21.05	0.00

LETTER FROM QUAM CAPITAL

Company name	Date of announcement	Closing price on the last trading day before announcement <i>HK\$</i>	Discount of subscription price to closing price on the last trading day before announcement <i>%</i>	Discount of effective subscription price to the theoretical ex-rights price per share <i>%</i>	Underwriting commission <i>%</i>
				<i>(Note 1)</i>	
B.A.L. Holdings Limited	16 October	0.284	29.60	21.90	2.00
Radford Capital Investment Limited	25 October	0.178	43.80	24.70	2.00
Sun Man Tai Holdings Company Limited	29 October	0.131	54.20	43.93	1.00
Willie International Holdings Limited	15 November	0.58	62.07	45.00	2.50
The Wharf (Holdings) Limited	28 November	40.55	26.02	23.81	1.25
Freeman Corporation Limited	4 December	0.07	82.86	44.62	2.50
Forefront Group Limited	4 December	0.37	45.95	36.17	2.50
Compass Pacific Holdings Limited	5 December	0.24	58.30	41.20	2.00
Easyknit Enterprises Holdings Limited	6 December	0.087	40.20	30.70	1.00
Unity Investments Holdings Limited	12 December	0.94	87.23	53.25	2.50
Intcera High Tech Group Limited	18 December	0.086	88.40	79.20	0.00

LETTER FROM QUAM CAPITAL

Company name	Date of announcement	Closing price on the last trading day before announcement <i>HK\$</i>	Discount of subscription price to closing price on the last trading day before announcement <i>%</i>	Discount of effective subscription price to the theoretical ex-rights price per share <i>%</i> <i>(Note 1)</i>	Underwriting commission <i>%</i>
Trasy Gold Ex Limited	18 December	0.087	36.78	27.95	2.50
2008					
Asia Standard International Group Limited	9 January	0.28	35.70	27.10	2.00
Cheuk Nang (Holdings) Limited	14 January	6.77	17.28	15.41	2.50
			Discount to closing price <i>%</i>	Discount to ex-rights price <i>%</i>	
Range of discount			4.80 to 88.40	4.30 to 79.20	
Average discount			46.35	32.26	
The Company	4 February		5.00	3.39	

Source: the Stock Exchange website (www.hkex.com.hk)

Note 1: The theoretical ex-rights price is calculated based on the closing price of the relevant shares on the last trading day prior to the date of the announcement relating to the rights issue.

As shown above, the discounts represented of the Subscription Price to the closing price and to the theoretical ex-rights price of the Shares are lower than the respective average discounts of the Rights Issue Comparables. Hence, we consider that the Subscription Price is fair and reasonable in this regard.

3. Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by the Committed Shareholders pursuant to their respective Irrevocable Undertakings. Please refer to the Letter from the Board for details of the terms and conditions of the Underwriting Agreement and the Irrevocable Undertakings.

In addition, based on the Underwriting Agreement, the Company will pay the Underwriters 2% of the aggregate Subscription Price of the Rights Shares underwritten. We have reviewed the underwriting commissions of the Rights Issue Comparables and note that their underwriting commissions ranged from 0% to 2.50%. On this basis, we are of the view that the underwriting commission charged by the Underwriters is in line with the market practice and fair and reasonable so far as the Independent Shareholders are concerned.

Given the above, we consider the Subscription Price to be fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

4. Financial effects of the Rights Issue

(a) *Net tangible asset value*

Based on the pro forma statement of adjusted unaudited consolidated net tangible assets of the Group as at 30 June 2007 set out in Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group was approximately HK\$23.93 million. Upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group will increase to approximately HK\$78.93 million, representing approximately HK\$0.035 per Share (based on 2,244,602,678 shares which comprise 1,247,001,488 Shares in issue as at 30 June 2007 and 997,601,190 Rights Shares to be issued). This represents an increase of approximately 2.30 times over the Group's unaudited net tangible assets as at 30 June 2007.

(b) *Gearing ratio*

The gearing ratio of the Group was approximately 0.145, which is calculated by dividing the consolidated total debts of the Group of approximately HK\$15.05 million over Shareholders' equity of approximately HK\$103.87 million as at 30 June 2007. Assuming the Rights Issue had taken place as at 30 June 2007, the consolidated total debts of the Group would remain unchanged whereas the Shareholders' equity would increase by approximately HK\$55 million to approximately HK\$158.87 million based on the net proceeds from the Rights Issue. Hence, the gearing ratio of the Group would improve by 34.48% to 0.095.

5. Dilution effect of the Rights Issue on shareholding interests

For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

For those Qualifying Shareholders who do not exercise their rights to subscribe for the Rights Shares in full, depending on the extent that they accept their entitlements, their shareholding interests will be diluted up to a maximum of approximately 28.87%. However, it should be noted that such Shareholders will have the opportunity to realize their nil-paid rights to subscribe for the Rights Shares (the “Nil-Paid Rights”) in the market during the dealing of Nil-Paid Rights on the Stock Exchange, subject to the then prevailing market conditions.

Qualifying Shareholders who wish to further increase their shareholding in the Company through the Rights Issue may, subject to availability, acquire any unsold entitlements of the Excluded Shareholders, any unsold fractions of Rights Shares and any Nil-Paid Rights provisionally allotted but not accepted by the Qualifying Shareholders.

RECOMMENDATION

Taking into consideration the above mentioned principal factors and reasons, we consider that the terms of the Rights Issue were entered into on normal commercial terms in the ordinary and usual course of business of the Group, and it is fair and reasonable and in the interests of the Company and the Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Sandy Yip
Director

1. 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 position 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, and the unaudited consolidated results of the Group for the nine months ended 30 September 2007 and the financial position of the Group as at 30 June 2007, as extracted from the results announcements of the Group.

Results of the Group

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

Financial position of the Group

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

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited consolidated financial statements of the Group for the year ended 31 December 2006 together with the accompanying notes 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

	<i>Notes</i>	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		<u>(7,385)</u>	<u>(520)</u>
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	<u>(1,799)</u>	<u>–</u>
PROFIT/(LOSS) BEFORE TAX	9	1,824	(17,726)
Tax	11	<u>(676)</u>	<u>–</u>
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	12	1,148	(17,726)
Dividend	13	<u>–</u>	<u>–</u>
Earnings/(loss) per share	14		
– basic (cents)		0.32	(14.49)
– diluted (cents)		<u>N/A</u>	<u>N/A</u>

Consolidated Balance Sheet

31 December 2006

	<i>Notes</i>	31/12/2006 <i>HK\$'000</i>	31/3/2006 <i>HK\$'000</i>
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		<u>83,227</u>	<u>4</u>
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		<u>3,426</u>	<u>112</u>
Total current assets		<u>19,158</u>	<u>450</u>
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		<u>1,076</u>	<u>–</u>
Total current liabilities		<u>19,864</u>	<u>1,505</u>
Net current liabilities		<u>(706)</u>	<u>(1,055)</u>
Total assets less current liabilities		<u>82,521</u>	<u>(1,051)</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	2,785	4,775
Convertible notes	27	<u>48,188</u>	<u>–</u>
Total non-current liabilities		<u>50,973</u>	<u>4,775</u>
Net assets/(liabilities)		<u><u>31,548</u></u>	<u><u>(5,826)</u></u>
EQUITY			
Issued capital	29	5,268	65,850
Equity component of convertible notes	27	11,316	–
Reserves		<u>14,964</u>	<u>(71,676)</u>
Total equity		<u><u>31,548</u></u>	<u><u>(5,826)</u></u>

Consolidated Statement of Changes in Equity*Period from 1 April 2006 to 31 December 2006*

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Equity component of convertible notes <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>5,268</u>	<u>55,642</u>	<u>11,316</u>	<u>–</u>	<u>(40,678)</u>	<u>31,548</u>

Consolidated Cash Flow Statement*Period from 1 April 2006 to 31 December 2006*

	Period from 1/4/2006 to 31/12/2006 HK\$'000	Year ended 31/3/2006 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

	Period from 1/4/2006 to 31/12/2006 HK\$'000	Year ended 31/3/2006 HK\$'000
INVESTING ACTIVITIES		
Acquisition of a subsidiary	(21,362)	–
Purchases of items of property, plant and equipment	(125)	(9)
NET CASH USED IN INVESTING ACTIVITIES	<u>(21,487)</u>	<u>(9)</u>
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	<u>20,392</u>	<u>(8)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period/year	843	(10)
	<u>112</u>	<u>122</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u><u>955</u></u>	<u><u>112</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,426	112
Bank overdrafts	(2,471)	–
	<u><u>955</u></u>	<u><u>112</u></u>

Balance Sheet*31 December 2006*

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

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 22/F, Wyndham Place, 40-44 Wyndham 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 the income 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

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, is 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 cash-settled 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 recognised 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		Period from		Period from	
	1/4/2006 to	Year ended	1/4/2006 to	Year ended	1/4/2006 to	Year ended
	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
TURNOVER						
External turnover	<u>543</u>	<u>1,359</u>	<u>18,342</u>	<u>–</u>	<u>18,885</u>	<u>1,359</u>
RESULTS						
Segment results	<u>(360)</u>	<u>(16,879)</u>	<u>363</u>	<u>–</u>	3	(16,879)
Unallocated revenue					5,110	204
Unallocated expenses					(1,490)	(1,051)
Finance costs					<u>(1,799)</u>	<u>–</u>
Profit/(loss) before tax					1,824	(17,726)
Tax					<u>(676)</u>	<u>–</u>
Profit/(loss) for the period/year					<u>1,148</u>	<u>(17,726)</u>
Assets:						
Segment assets	1	428	94,395	–	94,396	428
Investment in an associate	–	4	–	–	–	4
Unallocated corporate assets					<u>7,989</u>	<u>22</u>
Total assets					<u>102,385</u>	<u>454</u>
Liabilities:						
Segment liabilities	417	5,950	21,547	–	21,964	5,950
Unallocated corporate liabilities					<u>48,873</u>	<u>330</u>
Total liabilities					<u>70,837</u>	<u>6,280</u>
	Period from	Period from	Period from	Period from	Period from	Period from
	1/4/2006 to	Year ended	1/4/2006 to	Year ended	1/4/2006 to	Year ended
	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
Other segment information:						
Capital expenditure	–	9	1,741	–	1,741	9
Depreciation	–	11,194	732	–	732	11,194
Amortisation	–	–	280	–	280	–
Impairment loss	<u>4</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4</u>	<u>–</u>

(ii) Geographical segments

During the period, the Group's turnover was derived from operations carried out in Hong Kong and Taiwan. Over 90% of the Group's assets, liabilities and capital 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		Period from		Period from		Period from		
	1/4/2006 to	Year ended	1/4/2006 to	Year ended	1/4/2006 to	Year ended	1/4/2006 to	Year ended	
	31/12/2006	31/3/2006	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	
TURNOVER									
External turnover	<u>13,798</u>	<u>1,359</u>	<u>5,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,885</u>	<u>1,359</u>	
RESULTS									
Segment results	<u>1,759</u>	<u>(16,614)</u>	<u>433</u>	<u>-</u>	<u>(368)</u>	<u>(1,112)</u>	1,824	(17,726)	
Tax							<u>(676)</u>	<u>-</u>	
Profit/(loss) for the period/year							<u>1,148</u>	<u>(17,726)</u>	

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 HK\$'000	Year ended 31/3/2006 HK\$'000
TURNOVER		
Design, development and sales of location-based technology devices and applications	543	1,359
Distribution of high-end apparel and accessories	<u>18,342</u>	<u>-</u>
	<u>18,885</u>	<u>1,359</u>

	Period from 1/4/2006 to 31/12/2006 <i>HK\$'000</i>	Year ended 31/3/2006 <i>HK\$'000</i>
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
	<u>5,357</u>	<u>3,130</u>

8. FINANCE COSTS

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

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 – <i>note 10</i>)		
Salaries and allowances	3,119	1,687
Pension scheme contributions	128	(16)
	<u>3,247</u>	<u>1,671</u>

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 (<i>note 1</i>)	–	–	–	–
Richard Yen (<i>note 1</i>)	–	–	–	–
Total	<u>273</u>	<u>190</u>	<u>9</u>	<u>472</u>

Year ended 31 March 2006:

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

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 <i>HK\$'000</i>	Year ended 31/3/2006 <i>HK\$'000</i>
Basic salaries, allowances and other benefits in kind	600	675
Retirement benefits scheme contributions	<u>30</u>	<u>31</u>
	<u>630</u>	<u>706</u>

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 <i>HK\$'000</i>	Year ended 31/3/2006 <i>HK\$'000</i>
Current provision:		
– Hong Kong	575	–
– Overseas	<u>101</u>	<u>–</u>
	<u><u>676</u></u>	<u><u>–</u></u>

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	%
	<i>HK\$'000</i>		<i>HK\$'000</i>	
Profit/(loss) before tax	<u>1,824</u>		<u>(17,726)</u>	
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	<u>516</u>	<u>28.3</u>	<u>2,844</u>	<u>9.2</u>
Tax charge at effective rate	<u>676</u>	<u>37.1</u>	<u>–</u>	<u>–</u>

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 <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture, fixture and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Mould <i>HK\$'000</i>	Total <i>HK\$'000</i>
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:

	<i>HK\$'000</i>
Arising from acquisition of a subsidiary	75,552
Impairment during the period	<u>—</u>
At 31 December 2006	<u><u>75,552</u></u>

17. INTANGIBLE ASSETS

Group

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

18. INTERESTS IN SUBSIDIARIES

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

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		Principal activities
			Directly	Indirectly	
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)	–
	<u>–</u>	<u>4</u>

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	<u>2,643</u>	<u>–</u>

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 <i>HK\$'000</i>	31/3/2006 <i>HK\$'000</i>
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)
	<u>2,209</u>	<u>328</u>

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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 <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>	Assets <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>
Cash flow hedges				
– foreign currency contracts	<u>92</u>	<u>–</u>	<u>–</u>	<u>–</u>

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	–
	<u>3,116</u>	<u>–</u>

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 (<i>note 26</i>)	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	–
			<u>12,460</u>	<u>–</u>
Non-current				
Finance lease payables (<i>note 26</i>)	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
			<u>2,785</u>	<u>4,775</u>
			<u>15,245</u>	<u>4,775</u>
Analysed into:				
Bank loans and overdrafts payable:				
Within one year or on demand			12,065	–
In the second to fifth years, inclusive			1,747	–
			<u>13,812</u>	<u>–</u>
Other borrowings payable:				
Within one year or on demand			395	–
In the second to fifth years, inclusive			1,038	4,775
			<u>1,433</u>	<u>4,775</u>

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

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

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

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

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

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	<u>—</u>	<u>(6,517)</u>	<u>(6,517)</u>
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	<u>—</u>	<u>(7,511)</u>	<u>(7,511)</u>
At 31 December 2006	<u><u>55,642</u></u>	<u><u>(43,833)</u></u>	<u><u>11,809</u></u>

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	Fair value adjustment	Fair value of the acquiree
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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)
	<u>628</u>	<u>5,000</u>	5,628
Net assets acquired			5,628
Goodwill arising on acquisition			<u>75,552</u>
			<u>81,180</u>
Satisfied by:			
Cash consideration			19,660
Convertible notes			<u>61,520</u>
			<u>81,180</u>
An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:			<i>HK\$'000</i>
Cash consideration			(19,660)
Cash and bank balances acquired			474
Bank overdrafts acquired			<u>(2,176)</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary			<u>(21,362)</u>

33. DISPOSAL OF SUBSIDIARIES

	Period from 1/4/2006 to 31/12/2006 <i>HK\$'000</i>	Year ended 31/3/2006 <i>HK\$'000</i>
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	—
	<u>—</u>	<u>—</u>
Satisfied by:		
Cash	<u>—</u>	<u>—</u>

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 <i>HK\$'000</i>	Year ended 31/3/2006 <i>HK\$'000</i>
Cash consideration	—	—
Cash and bank balances disposed of	—	—
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u>—</u>	<u>—</u>

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	Year ended
	1/4/2006 to	31/3/2006
	31/12/2006	31/3/2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	31/3/2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Minimum purchases:		
Within one year	19,072	–
In the second to fifth years, inclusive	86,151	–
Beyond five years	6,649	–
	<u>111,872</u>	<u>–</u>

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 issuance 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.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the unaudited consolidated financial statements of the Group for the nine months ended 30 September 2007 together with the accompanying notes as extracted from the results announcement of the Company for the nine months ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended		Nine months ended	
		30 Sep 2007 HK\$'000 (unaudited)	31 Dec 2006 HK\$'000 (unaudited)	30 Sep 2007 HK\$'000 (unaudited)	31 Dec 2006 HK\$'000 (audited)
Turnover	3	17,427	11,082	39,454	18,885
Cost of sales		<u>(5,998)</u>	<u>(5,165)</u>	<u>(13,845)</u>	<u>(7,385)</u>
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		<u>(180)</u>	<u>-</u>	<u>(233)</u>	<u>-</u>
Profit/(loss) before tax	5	(1,985)	509	(1,245)	1,824
Taxation	6	<u>(213)</u>	<u>(407)</u>	<u>(734)</u>	<u>(676)</u>
Profit/(loss) attributable to shareholders		<u><u>(2,198)</u></u>	<u><u>102</u></u>	<u><u>(1,979)</u></u>	<u><u>1,148</u></u>
EBITDA		(1,010)	2,977	1,445	4,635
Interim dividend	7	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Earnings/(loss) per share	8				
- basic (cents)		(0.18)	0.02	(0.20)	0.32
- diluted (cents)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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. BASIC 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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER						
External customers	<u>62</u>	<u>543</u>	<u>39,392</u>	<u>18,342</u>	<u>39,454</u>	<u>18,885</u>
RESULTS						
Segment results	<u>62</u>	<u>(360)</u>	<u>(1,405)</u>	<u>363</u>	(1,343)	3
Unallocated revenue					6,071	5,110
Unallocated expenses					(4,719)	(1,490)
Finance costs					<u>(1,254)</u>	<u>(1,799)</u>
Profit/(Loss) before tax					(1,245)	1,824
Tax					<u>(734)</u>	<u>(676)</u>
Profit/(Loss) for the period					<u>(1,979)</u>	<u>1,148</u>

(ii) Geographical segments

During the period, the Group's turnover was derived from operations carried out in Hong Kong and Taiwan. Over 90% of the Group's 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	<u>30,941</u>	<u>13,798</u>	<u>8,513</u>	<u>5,087</u>	<u>39,454</u>	<u>18,885</u>
RESULTS						
Segment results	<u>(3,336)</u>	<u>1,391</u>	<u>2,091</u>	<u>433</u>	<u>(1,245)</u>	<u>1,824</u>

Revenue

	Three months ended		Nine months ended	
	30 Sep	31 Dec	30 Sep	31 Dec
	2007	2006	2007	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	<u>17,427</u>	<u>11,027</u>	<u>39,392</u>	<u>18,342</u>
	<u>17,427</u>	<u>11,082</u>	<u>39,454</u>	<u>18,885</u>
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
	<u>2,469</u>	<u>4,042</u>	<u>6,071</u>	<u>5,357</u>
	<u>19,896</u>	<u>15,124</u>	<u>45,525</u>	<u>24,242</u>

4. FINANCE COSTS

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

5. PROFIT/(LOSS) BEFORE TAX

	Three months ended		Nine months ended	
	30 Sep 2007 HK\$'000 (unaudited)	31 Dec 2006 HK\$'000 (unaudited)	30 Sep 2007 HK\$'000 (unaudited)	31 Dec 2006 HK\$'000 (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
	<u>2,473</u>	<u>1,837</u>	<u>7,186</u>	<u>3,247</u>

6. TAXATION

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

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

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

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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>12,470</u>	<u>131,857</u>	<u>–</u>	<u>–</u>	<u>(42,657)</u>	<u>101,670</u>

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm 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 consolidated financial statements of the Group were made up.

5. INDEBTEDNESS

Borrowings

At the close of business on 31 December 2007, being the latest practicable date for the purpose at this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of HK\$15,979,000. These borrowings comprised of interest bearing bank borrowings of HK\$14,941,000, and finance lease obligations of HK\$1,038,000. 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.

Commitments

(i) Operating leases commitments

As at 31 December 2007, the Group had operating lease commitments of approximately HK\$28,363,000 for rental agreements with fixed monthly rental.

The Group leases certain retail shops in Hong Kong. Its operating lease rentals 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 amount.

Also, the Group leases certain retail shops in Taiwan. Its operating lease rentals are based solely on the sales of the outlets. As the future sales of the retail outlets could not be accurately estimated, the relevant rental commitments have not been included above amount.

(ii) Purchase commitments

As at 31 December 2007, the Group had purchase commitments under license agreements in respect of certain brand name products of approximately HK\$118,468,000.

Contingent liabilities

As at 31 December 2007, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 December 2007, the 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.

6. WORKING CAPITAL

The Directors are of the opinion that after taking into account the present internal financial resources of the Group, the available banking facilities and other facilities, the estimated net proceeds of the Rights Issue and the estimated net proceeds from the convertible bonds (details of which have been announced on 20 February 2008), the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

7. FINANCIAL REVIEW FOR THE YEAR ENDING 31 DECEMBER 2006**Overview**

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.

The Group underwent a period of significant change and growth in the nine months period under review and recorded the following developments:–

- Key changes in management personnel
- Open offer raised HK\$23.73 million in net proceeds
- Acquired 100% interest in Golife (Hong Kong) Limited (formerly Hip Kin Retailing Limited), which holds the Greater China distribution rights of luxury fashion brands Anya Hindmarch and Paule Ka, at HK\$81 million in cash and convertible notes

To reflect the change in business nature of the Group, the Company changed its name from “Satellite Devices Corporation” to “Golife Concepts Holdings Limited” in October 2006.

Turnover of the Group was approximately HK\$18,885,000 for the period, representing an increase of 1,290% against the entire financial year ended 2005. 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 last 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\$0.10, have been converted. Should the remaining convertible notes be fully converted within 2007, no similar charge shall 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 31 July 2006 (the "Acquisition").

During the nine months period under review, 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 Acquisition, and the balance of HK\$5.25 million as working capital of the Group. HK\$1.85 million is earmarked 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 Acquisition was completed had been 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.

Operational Review

During the nine months period, the Group's apparel and accessories distribution business made HK\$18.34 million in turnover and gross profit of HK\$11.02 million, translating into a gross profit margin of 60%. Demand for products of the two brands currently carried by the Group, namely London-based Anya Hindmarch and Paris-based Paule Ka, was strong driven by favourable economic conditions in Hong Kong and Taiwan. The Group believes the net margin of the business will improve with rental of shop space peaked in 2006 and expected to come down in 2007, hence lower rental cost of the business is expected.

As for the Group's location-based auto-recovery business, it reported a turnover of HK\$0.54 million. Competition remained keen with players making continuous capital investment and pushing for technological innovation. The Board will carefully monitor the performance of this business and will consider ceasing this business unit as soon as practicable if it does not achieve desirable profitability in the near term.

For the nine months ended 30 September 2007, the Group has achieved steady financial results mainly contributed by the lifestyle-products business. The Group expanded rapidly with 8 new points-of-sales opened and commenced brand development effort and distribution operations for the new Life of Circle brand during the period. Turnover of the Group was approximately HK\$39.45 million for the period, representing an increase of 109% compared with the corresponding period last year.

However, due to the expansion, certain one-off administration, professional and pre-operation expenses were incurred. Furthermore, during the first quarter of 2007, a one-off HK\$0.44 million imputed interest cost on the outstanding convertible notes was charged to the Group (another HK\$62,000 for the second quarter). As such, together with the startup loss of HK\$1.46 million in relation to new brand Life of Circle, loss attributable to Shareholders after tax was HK\$1.98 million. Since 15 May 2007, after all outstanding notes were converted, there has been no such additional cost incurred.

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\$6.20 million. As at 30 June 2007, the Group has an unaudited consolidated net tangible assets of HK\$23.93 million.

8. 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 plan 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 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 unaudited pro forma financial information prepared in accordance with Paragraph 31 of Chapter 7 of the GEM Listing Rules is for illustrative purposes only, and is set out here to provide Shareholders with further information about how the Rights Issue might have affected the net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the said information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue as if it had taken place on 30 June 2007. The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2007, as extracted from the published Interim Report of the Group for the six months ended 30 June 2007 and is adjusted for the effect of the Rights Issue.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue.

	Unaudited consolidated net tangible assets of the Group as at 30 June 2007 (Note 1) HK\$'000	Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2007 (Note 2) HK\$	Unaudited pro forma adjusted consolidated net tangible assets of the Estimated net proceeds from the Rights Issue (Note 3) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share immediately Group after completion of the Rights Issue (Note 4) HK\$'000	after completion of the Rights Issue (Note 4) HK\$
Based on 997,601,190 Rights Shares issued	<u>23,932</u>	<u>0.019</u>	<u>55,000</u>	<u>78,932</u>	<u>0.035</u>

Notes:

1. The unaudited consolidated net tangible assets of the Group as at 30 June 2007 is extracted from the published results announcement of the Company for the six months ended 30 June 2007, which is based on the unaudited equity attributable to equity holders of the Company as at 30 June 2007 of HK\$103,868,000 less goodwill and other intangible assets as at 30 June 2007 of HK\$75,552,000 and HK\$4,384,000 respectively.
2. The calculation of the unaudited consolidated net tangible assets of the Group per Share is based on 1,247,001,488 Shares in issue as at 30 June 2007.
3. The estimated net proceeds from the Rights Issue of approximately HK\$55.0 million are based on 997,601,190 Rights Shares to be issued at a subscription price of HK\$0.057 per Rights Share and after deduction of estimated related expenses of approximately HK\$1.8 million.
4. The calculation of the unaudited pro forma consolidated net tangible assets per Share is based on 2,244,602,678 shares which comprise 1,247,001,488 Shares in issue as at 30 June 2007 and 997,601,190 Rights Shares to be issued.

The unaudited pro forma consolidated net tangible assets is prepared on the assumption that no Outstanding Options exercisable are exercised on or before the Record Date.

Set out below is the text of a letter in connection with the Rights Issue received from Cheung & Siu, which has been prepared for the purpose of incorporation in this Circular:

Cheung & Siu Certified Public Accountants (Practising)

張、蕭會計師事務所

25 February 2008

The Board of Directors
Golife Concepts Holdings Limited
Suite A, 15th Floor, Wyndham Place
40-44 Wyndham Street, Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of Golife Concepts Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 82 to 83 under the heading of unaudited pro forma financial information of the Group in Appendix II of the Company’s Circular dated 25 February 2008 (the “Circular”) in connection with the proposed rights issue of the Company (the “Rights Issue”). The Unaudited Pro Forma Financial Information relating to the Rights Issue has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Rights Issue might have affected the consolidated net tangible assets of the Group as at 30 June 2007. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 82 to 83 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 Listing 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 Listing 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 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 Listing 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 event will take place in the future and may not be indicative of: i) the financial position of the Group as at 30 June 2007 or any future date; or ii) the consolidated net tangible assets per share of the Group as at 30 June 2007 or any future dates.

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 Listing Rules.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code 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.

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue (assuming all Outstanding Options are exercised on or before the Record Date) will be, as follows:

Authorised share capital: HK\$

<u>10,000,000,000</u>	Shares as at the Latest Practicable Date	<u>100,000,000</u>
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Issued and fully paid share capital:

1,247,001,488	Shares in issue as at the Latest Practicable Date	12,470,015
2,970,000	Shares to be issued upon exercise of all outstanding Share Options on or before the Record Date	29,700
999,977,190	Rights Shares to be issued upon completion of the Rights Issue (assuming all outstanding Share Options are exercised on or before the Record Date)	9,999,772
<u>2,249,948,678</u>		<u>22,499,487</u>

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company had no outstanding convertible debt securities in issue as at the Latest Practicable Date.

Since the end of the last financial year of the Company, being 31 December 2006, the issued share capital of the Company has increased from 526,801,489 Shares to 1,247,001,488 Shares as at the Latest Practicable Date, as the results of conversion of convertible notes and issuance of shares on placing.

(b) Share options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name of grantee	Date of grant	Exercisable period (Note 1)	Exercise price	Number of underlying Shares subject to Outstanding Options
<i>Directors</i>				
Mr. Gouw Hiap Kian	3 July 2007	10 years	HK\$0.219	999,000
Mr. Richard Yen	3 July 2007	10 years	HK\$0.219	999,000
Mr. Duncan Chiu	3 July 2007	10 years	HK\$0.219	999,000

Upon the Rights Issue becoming unconditional, the exercise price of and/or the number of Shares comprised in the outstanding Share Options may be subject to adjustments.

Save as disclosed in this paragraph 2(b), the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

There is no arrangement under which future dividends are waived or agreed to be waived.

Note:

1. The exercisable period of the Share Options commences on 6 March 2002, the date when the share option scheme is adopted.

3. 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) Interests 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(L)	990,000(L)	0.08(L)
Duncan Chiu	3 July 2007	\$0.219	990,000(L)	990,000(L)	0.08(L)

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.

4. 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 (<i>Note 1</i>)	651,924,777(L)	52.28(L)
Ng Choy Yue Mary (<i>Note 1</i>)	651,924,777(L)	52.28(L)
Chung Chiu Limited (<i>Notes 2, 3 and 4</i>)	577,494,777(L)	46.31(L)
HSBC International Trustee Limited (<i>Notes 2, 3</i>)	577,494,777(L)	46.31(L)
Goldig Properties Limited (<i>Notes 2, 3 and 4</i>)	444,456,000(L)	35.64(L)
Far East Holdings International Limited (<i>Note 5</i>)	359,991,789(L)	28.87(L)
Deutsche Bank Aktiengesellschaft	79,250,000(L)	6.36(L)
Galaxy China Opportunities Fund	79,250,000(L)	6.36(L)

Notes:

- 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 577,494,777 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 651,924,777 shares of the Company. Being the spouse of GOUW Hiap Kian, NG Choy Yue Mary is deemed to be interested in the 651,924,777 Shares pursuant to the SFO.
- Goldig Properties Limited is a wholly-own 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"), Gouw Hiap Kian and Chung Chiu Limited and HSBC International Trustee Limited are deemed to be interested in the 444,456,000 Shares held by Goldig Properties Limited.

3. Chung Chiu Limited has underwritten 133,038,777 Rights Shares of the Company, Goldig Properties Limited has agreed to accept or procure the acceptance of 197,536,000 Rights Shares pursuant to the Irrevocable Undertaking.
4. Ms. Gouw San Bo Elizabeth, an executive Director, is also a director of Chung Chiu Limited and Goldig Properties Limited respectively.
5. 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.

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

Saved as disclosed above, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the businesses of the Group.

Saved as disclosed above, 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 Group or are proposed to be acquired or disposed of by or leased to any member of the 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 Underwriting Agreement and/or the Rights Issue.

6. 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 Group (as would be required to be disclosed under Rule 8.10 of the GEM Listing Rules if each of them was a controlling Shareholder).

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the 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 Underwriting Agreement;
- (b) the conditional sale and purchase agreement dated 8 November 2007 entered into between, inter alios, the Company, Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France, in relation to the acquisition of i) 1,406,196 shares of EUR 1 each in the issued share capital of Financière Solola, a private French company with a share capital of 1,456,196 shares, with a par value of EUR 1 per share and ii) the 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;
- (c) a call option agreement entered into between the Company and Mr. Claude Lalanne Costa upon completion of the sale and purchase contemplated under and in accordance with the terms and conditions of the conditional sale and purchase agreement dated 8 November 2007 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;
- (d) the pledge agreement entered into by the Company and the Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France on the completion of the sale and purchase contemplated under and in accordance with the terms and conditions of the conditional sale and purchase agreement dated 8 November to pledge all of the 1,406,196 shares of EUR 1 each in the issued share capital of Financière Solola to Credit Lyonnais Capital Investissement, Credit Lyonnais Developpement 2, Mr Pierre Hemar, Lion Capital Investissement, Nollius BV and Quilvest France;
- (e) the put option agreement entered into between the Company and Mr. Claude Lalanne Costa upon the completion of the sale and purchase contemplated under and in accordance with the terms and conditions of the conditional sale and purchase agreement dated 8 November 2007 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;
- (f) the distribution agreement dated 15 August 2007 and executed between CR Hong Kong Limited and CR Hong Kong (Trading) Limited;

- (g) the master license agreement dated 14 August 2007 and executed between CR Hong Kong Limited and CR Licensing LLC;
- (h) the shareholders agreement dated 15 August 2007 and executed amongst Better Point Limited, Austen Limited and CR Hong Kong Limited;
- (i) 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;
- (j) 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;
- (k) the distribution agreement dated 21 February 2007 entered into between Life of Circle Limited and Golife (Trading) Limited;
- (l) 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
- (m) the worldwide agency agreement dated 21 February 2007 entered into between the LOC Limited and GOL Trading Limited.

8. LITIGATION

As at the Latest Practicable Date, no member of the 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 Group or to which the Company or any of its subsidiaries was, or might become, a party.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose statements have been included in this circular:

Quam Capital	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO
Cheung & Siu (“C & S”)	Certified Public Accountants (Practising)

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

As at the Latest Practicable Date, none of Quam Capital and C & S had 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.

None of Quam Capital and C & S 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 Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of Quam Capital and C & S were 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 Group.

10. 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. The annual remuneration of Mr. Richard Yen as an executive Director is HK\$351,000 subject to Shareholders' approval in the annual general meetings and determined by reference to the remuneration policy of the Company and the market benchmark. Mr. Richard Yen is not entitled to any bonus payment from the Company.

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 Group (excluding contracts expiring or determinable by the Company within one year without payment of any compensation other than statutory compensation).

11. SECRETARY AND QUALIFIED ACCOUNTANT OF THE COMPANY

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.

12. PROCEDURES TO DEMAND A POLL AT GENERAL MEETING

Pursuant to Article 66, at any general meeting a poll may be demanded in respect of a resolution put to the vote at the meeting 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.

13. CORPORATE INFORMATION

Registered office	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands
Company secretary	Mr. Tsang Yin Chiu, Stanley
Qualified accountant	Mr. Tsang Yin Chiu, Stanley
Authorised representative	Mr. Tsang Yin Chiu, Stanley Mr. Lo Mun Lam, Raymond
Legal advisers to the Company	Coudert Brothers in association with Orrick, Herrington & Sutcliffe 39/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Auditors	Cheung & Siu, Certified Public Accountants (Practising) Room A, 15/F, Fortis Bank Tower, 77-79 Gloucester Road, Wanchai, Hong Kong
Principal share registrar and transfer office	Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank Of China (Asia) Limited Dah Sing Bank Limited Shanghai Commercial Bank Limited

14. EXPENSES

The expenses in connection with the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses are estimated to be approximately HK\$1.8 million and will be payable by the Company.

15. PARTICULARS OF THE DIRECTORS**(a) Name and address**

Name	Address
<i>Executive Directors:</i>	
Mr. LO Mun Lam, Raymond	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
Ms. GOUW San Bo, Elizabeth	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
Mr. Richard YEN	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
<i>Non-executive Directors:</i>	
Mr. Duncan CHIU	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
Ms. YU Wai Yin, Vicky	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
<i>Independent</i>	
<i>non-executive Directors:</i>	
Mr. LAM Pak Sum	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
Mr. SUM Chun Ho	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong
Mr. WAN Kwok Pan	Suite A, 15/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong

(b) Qualification and position held*Chairman & Executive Director***LO Mun Lam, Raymond**

Aged 54, Mr. Lo has been an Executive Director of the Group since 2005 and as Chairman since 2006.

Mr. Lo has over 27 years of management experience, including finance, manufacturing and distribution, hospitality, real estate and direct investments. He is a fellow member of the Institute of Chartered Accountants in England & Wales; a member of the Institute of Chartered Accountants of Ontario, Canada; a member of the Hotel & Catering International Management Association of the United Kingdom and a Counselor of Real Estate of the United States of America and a fellow member of the Royal Institution of Chartered Surveyors.

*Executive Directors***Ms GOUW San Bo, Elizabeth**

Aged 36, Ms. Gouw has been an Executive Director of the Group since 2007 and Chief Executive Officer of the Group since 2006. She is currently responsible for the overall strategy and business development of the Group.

Ms. Gouw is the founder of Golife (Hong Kong) Limited and has been serving as Managing Director since 2001. She was a Chartered Financial Analyst and previously held the position of fund manager for an asset management company based in the United Kingdom. She also served as a research analyst for a major European securities firm.

Ms. Gouw holds a master's degree in accounting and finance from the London School of Economics and Political Science.

YEN Richard

Aged 39, Mr. Yen has been a Non-Executive Director of the Group since 2006, redesignated as the Executive Director of the Group since 2007 and appointed as the Chief Operations Officer in 2008.

Mr. Yen has over 16 years of partnership, merger and acquisition experience in the region, working mostly with Japanese conglomerates and Fortune 500 companies. He also possesses extensive knowledge of intellectual property, marketing and product development and devising strategies with relation to information technology and consumer goods.

Mr. Yen holds a bachelor's degree in aerospace engineering and an MBA in International Management from Boston University.

*Non-executive Directors***CHIU Duncan**

Aged 33, Mr. Chiu has been a Non-Executive Director of the Group since 2006.

Mr. Chiu currently serves as Vice Chairman and Treasurer of The Chamber of Hong Kong Listed Companies, Vice President of Innovation & Technology Association and is a Committee Member of the All-China Youth Federation.

Mr. Chiu also serves as the Managing Director and Chief Executive Officer of Far East Holdings Limited, and as a Non-Executive Director of both Far East Hotels & Entertainment Limited and Chinasoft International Limited, all of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. Chiu graduated with a bachelor's degree in Business Administration from Pepperdine University of California in 1996.

YU Wai Yin, Vicky

Aged 28, Ms. Yu has been appointed as an Executive Director of the Group since 2005, and will be re-designated as a Non-Executive Director since 2007.

Ms. Yu has over 9 years of experience in sales and merchandising in the textiles trading and fashion retailing sectors.

*Independent non-executive Directors***LUM Pak Sum**

Aged 46, Mr. Lum has been an Independent Non-Executive Director of the Group since 2005 and has been the Chairman of the Audit Committee of the Group since 2006.

Mr. Lum is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 19 years of experience in corporate finance.

Mr. Lum holds a master's degree in Business Administration degree from the University of Warwick and a bachelor of laws degree (Honors) from the University of Wolverhampton.

SUM Chun Ho

Aged 36, Mr. Sum has been an Independent Non-Executive Director of the Group since 2005.

He is currently the sole proprietor of Messrs. C.H. Sum & Co., Certified Public Accountants (Practicing). Mr. Sum has over 11 years of experience in the professional accounting services field.

Mr. Sum holds a master's degree in accounting from Monash University. He is also a member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

WAN Kwok Pan

Aged 37, Mr. Wan has been an Independent Non-Executive Director of the Group since 2006.

Mr. Wan has over 11 years of experience in the Electronics Services field. He holds a MBA degree from The University of Hong Kong.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at 22/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong from the date of this circular up to and including 28 March 2008, the last day for payment and acceptance of the Rights Shares:

- (i) the Underwriting Agreement;
- (ii) this circular;
- (iii) the memorandum and articles of association of the Company;
- (iv) the letter from the Independent Board Committee, the texts of which are set out on page 21 of this circular;
- (v) the letter from Quam Capital to the Independent Board Committee and the Independent Shareholders, the texts of which are set out on pages 22 to 32 of this circular;
- (vi) the letter signed by Cheung & Siu setting out their opinion on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out on pages 84 to 85 of this circular;
- (vii) the written consents referred to in the section headed “Experts and consents” in this appendix;
- (viii) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (ix) the service contracts referred to in the section headed “Service Contracts” in this appendix;
- (x) the annual reports of the Company for each of the financial year ended 31 March 2005, 2006 and 31 December 2006; and
- (xi) the third quarterly report of the Company for the nine months ended 30 September 2007.



GOLIFE CONCEPTS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“Meeting”) of Golife Concepts Holdings Limited (“Company”) will be held at 10:00 a.m., on 12 March 2008 at 22/F., Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong for the purpose of considering and, if thought fit, passing/with or without modifying the following resolution which will be proposed as Ordinary Resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the obligations of CIMB-GK Securities (HK) Limited, Chung Chiu Limited and Grand Ming Securities Limited (together, the “Underwriters”) under the underwriting agreement dated 4 February 2008 (the “Underwriting Agreement”) between the Company and the Underwriters (a copy of the Underwriting Agreement has been tabled at the Meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) becoming unconditional:

- (i) the terms of the Underwriting Agreement be and are hereby confirmed and approved;
- (ii) the issue by way of rights of not less than 997,601,190 and not more than 999,977,190 new Shares (the “Right Shares”) of HK\$0.01 each in the share capital of the Company (the “Shares”) pursuant to an offer by way of rights to holders of Shares in the Company (the “Shareholder”) at the subscription price of HK\$0.057 per Rights Share (the “Right Issue”) in the proportion of 4 Right Shares for every 5 existing Shares held by the Shareholders whose names appear on the register of members of the Company on 12 March 2008 (the “Record Date”) other than those Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong on the Record Date and whom the directors of the Company (the “Directors”), after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, on and subject to the terms and conditions set out in the circular to the Shareholders dated 25 February 2008 (the “Circular”) and on such other terms and conditions as may be determined by the Directors be and is hereby approved; and

NOTICE OF EGM

- (iii) the Directors be and are hereby authorized to issue and allot the Rights Shares on terms as set out in the Circular and to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Rights Issue and the Underwriting Agreement or any of the transactions contemplated thereunder.”

By order of the Board
Golife Concepts Holdings Limited
Lo Mun Lam, Raymond
Executive Director

Hong Kong, 25 February 2008

Principal place of business and head office 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 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.