Société anonyme **(limited company) with registered capital of € 852.650**
Registered office: 23, Val Fleuri, L-1526 Luxembourg

OFFERING CIRCULAR

Listing on NYSE Alternext
Private placement

Trading opens on September 12, 2008.

Allegra Finance
LISTING SPONSOR

AVERTISSEMENT

Cet Offering Circular est réalisé dans le cadre d'une opération exclusivement réservée à des Investisseurs Qualifiés, tels qu'ils sont définis par l'article L. 411-2 du Code monétaire et financier. Cette opération, préalable à une admission au marché Alternext de NYSE Euronext Paris SA, a pris la forme d'une augmentation de capital.
Les personnes ou entités mentionnées au 4° du II article L.411-2 du Code monétaire et financier ne peuvent participer à cette opération que pour compte propre dans les conditions fixées par les articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 et D.764-1 du Code monétaire et financier.
Cette opération ne donne pas lieu à un prospectus soumis au visa de l'AMF. La diffusion, directe ou indirecte, dans le public des instruments financiers acquis à l'occasion de cette émission ne peut être réalisée que dans les conditions prévues aux articles L. 411-1, L. 411-2, L. 412-1 et L.621-8 à L. 621-8-3 du Code monétaire et financier

Ce document est disponible sans frais au siège social de la Société, ainsi qu'en version électronique sur le site de NYSE Alternext (www.alternext.fr), de la Société (www.cngreat.com) et celui d'Allegra Finance (www.allegrafinance.com).

RAPPEL

Décret no 2006-557 du 16 mai 2006 modifiant le chapitre Ier du titre Ier du livre IV de la partie réglementaire du code monétaire et financier

Le Premier ministre,
Sur le rapport du ministre de l'économie, des finances et de l'industrie,
Vu le code des assurances ;
Vu le code monétaire et financier, notamment son article L. 411-2 ;
Vu le code de la mutualité ;
Vu le code de la sécurité sociale ;
Vu l'ordonnance no 45-2710 du 2 novembre 1945 relative aux sociétés d'investissement ;
Vu l'ordonnance no 96-50 du 24 janvier 1996 relative au remboursement de la dette sociale, notamment son article 1er ;
Vu la loi no 72-650 du 11 juillet 1972 modifiée portant diverses dispositions d'ordre économique et financier, notamment son article 4 ;
Vu la loi no 85-695 du 11 juillet 1985 portant diverses dispositions d'ordre économique et financier, notamment son article 1er ;
Vu la loi no 2005-842 du 26 juillet 2005 pour la confiance et la modernisation de l'économie, Décrète :

Art. 1er. – Les articles D. 411-1 et D. 411-2 du code monétaire et financier sont remplacés par les articles D. 411-1 à D. 411-4 ainsi rédigés :
« *Art. D. 411-1.* – I. – Ont la qualité d'investisseurs qualifiés au sens de l'article L. 411-2 lorsqu'ils agissent pour compte propre :
« 1o Les établissements de crédit et les compagnies financières mentionnés respectivement à l'article L. 511-9 et à l'article L. 517-1;
« 2o Les institutions et services mentionnés à l'article L. 518-1 ;
« 3o Les entreprises d'investissement mentionnées à l'article L. 531-4 ;
« 4o Les sociétés d'investissement mentionnées à l'article 6 de l'ordonnance du 2 novembre 1945 susvisée ;
« 5o Les organismes de placement collectif mentionnés à l'article L. 214-1 et les sociétés de gestion d'organisme de placement collectif mentionnées à l'article L. 543-1 ;
« 6o Les sociétés d'assurance et les sociétés de réassurance mentionnées, respectivement, au premier alinéa de l'article L. 310-1 et à l'article L. 310-1-1 du code des assurances ;
« 7o Les sociétés de groupe d'assurance mentionnées à l'article L. 322-1-2 du code des assurances ;
« 8o Les institutions de prévoyance mentionnées à l'article L. 931-1 du code de la sécurité sociale ;
« 9o Le fonds de réserve pour les retraites mentionné à l'article L. 135-6 du code de la sécurité sociale ;
« 10o Les mutuelles et unions de mutuelles relevant du livre II du code de la mutualité autres que celles mentionnées à l'article L.510-2 du même code ;
« 11o Les compagnies financières holdings mixtes mentionnées à l'article L. 517-4 et au 9o de l'article L. 334-2 du code des assurances ;
« 12o Les Etats membres de l'Organisation de coopération et de développement économiques ;
« 13o La Banque centrale européenne et les banques centrales des Etats membres de l'Organisation de coopération et de développement économiques ;
« 14o Les organismes financiers internationaux à caractère public auxquels la France ou tout autre Etat membre de l'Organisation de coopération et de développement économiques fait partie ;
« 15o La Caisse d'amortissement de la dette sociale instituée par l'article 1er de l'ordonnance du 24 janvier 1996 susvisée ;
« 16o Les sociétés de capital-risque mentionnées à l'article 1er de la loi du 11 juillet 1985 susvisée ;
« 17o Les sociétés financières d'innovation mentionnées au III de l'article 4 de la loi du 11 juillet 1972 susvisée ;
« 18o Les intermédiaires en marchandises ;
« 19o Les entités remplissant au moins deux des trois critères suivants :
« – effectifs annuels moyens supérieurs à 250 personnes ;
« – total du bilan supérieur à 43 millions d'euros ;
« – chiffre d'affaires ou montant des recettes supérieur à 50 millions d'euros.
« Ces critères sont appréciés au vu des derniers comptes consolidés ou, à défaut, des comptes sociaux, tels que publiés et, le cas échéant, certifiés par les commissaires aux comptes.
« II. – Ont également la qualité d'investisseurs qualifiés, lorsqu'ils agissent pour compte propre et à partir du jour de réception de l'accusé de réception attestant de leur inscription sur le fichier mentionné à l'article D. 411-3 :
« 1o Les entités qui remplissent au moins deux des trois critères suivants :
« – effectifs annuels moyens inférieurs à 250 personnes ;
« – total du bilan inférieur à 43 millions d'euros ;
« – chiffre d'affaires ou montant des recettes inférieur à 50 millions d'euros.
« Ces critères sont appréciés au vu des derniers comptes consolidés ou, à défaut, des comptes sociaux, tels que publiés et, le cas échéant, certifiés par les commissaires aux comptes. La décision d'inscription sur le fichier mentionné à l'article D. 411-3 est prise, selon le cas, par le conseil d'administration, par le directoire, par le ou les gérants, ou par l'organe de gestion de l'entité ;
« 2o Les personnes physiques remplissant au moins deux des trois critères suivants :
« – la détention d'un portefeuille d'instruments financiers d'une valeur supérieure à 500 000 € ;
« – la réalisation d'opérations d'un montant supérieur à 600 € par opération sur des instruments financiers, à raison d'au moins dix par trimestre en moyenne sur les quatre trimestres précédents ;
« – l'occupation pendant au moins un an, dans le secteur financier, d'une position professionnelle exigeant une connaissance de l'investissement en instruments financiers.
« III. – Ont également la qualité d'investisseur qualifié :
« 1o Les entités mentionnées au I lorsqu'elles agissent pour le compte d'un organisme de placement collectif ou d'un investisseur qualifié appartenant à l'une des catégories mentionnées au I ou au II ;
« 2o Les prestataires de services d'investissement lorsqu'ils agissent dans le cadre d'une activité de gestion de portefeuille pour le compte de leur mandant.
« *Art. D. 411-2.* – Ont également la qualité d'investisseurs qualifiés les personnes physiques ou entités reconnues investisseurs qualifiés dans les Etats parties à l'accord sur l'Espace économique européen, conformément aux dispositions de la directive

2003/71/CE du 4 novembre 2003.
« *Art. D. 411-3.* – Les personnes ou entités mentionnées au II de l'article D. 411-1 qui en font la demande et déclarent sous leur responsabilité réunir les critères mentionnés au II de l'article D. 411-1 sont inscrites dans un fichier tenu par l'Autorité des marchés financiers selon les modalités fixées par son règlement général. Ces personnes ou entités peuvent renoncer à tout moment à leur qualité d'investisseur qualifié en accomplissant les formalités fixées par le règlement général de l'Autorité des marchés financiers.
« *Art. D. 411-4.* – Le seuil mentionné au dernier alinéa du II de l'article L. 411-2 est fixé à 100. »

Art. 2. – Le ministre de l'économie, des finances et de l'industrie est chargé de l'exécution du présent décret, qui sera publié au *Journal officiel* de la République française.

Fait à Paris, le 16 mai 2006.
Par le Premier ministre : DOMINIQUE DE VILLEPIN
Le ministre de l'économie, des finances et de l'industrie, THIERRY BRETON

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1 PERSON RESPONSIBLE FOR THE OFFERING CIRCULAR

1.1 Person responsible for the Offering Circular

Huajun Wang, Chairman & CEO of GREAT LEISURE GROUP SA (hereinafter "GREAT LEISURE" or "the Company").

1.2 Declaration by person responsible for the Offering Circular

Having taken all reasonable measures to this effect, we hereby certify that the information contained within this Offering Circular is, to the best of our knowledge, accurate and contains no omissions of a kind likely to alter ists substance.
The auditors have provided us with an end-of assignment letter in which they confirm having verified the information concerning the financial situation and the accounts contained herein asa well as having read the Offering Circular in its entirety.

Luxemburg, August XX, 2008

Huajun Wang
Chairman & CEO of GREAT LEISURE SA

1.3 Listing Sponsor's Declaration

We, ALLEGRA FINANCE, Listing Sponsor, hereby confirm that we have performed customary due diligence for the admission to listing of shares in GREAT LEISURE.

This consisted, inter alia, in reviewing documents produced by GREAT LEISURE, and interviewing members of the company's management an staff, following the standard format used on Alternext.

Pursuant to the rules of Alternext, we certify that our due diligence investigations have revealed no inaccuracies or material omissions that might mislead investors or affect their judgment.

This declaration has been issued on the basis of documents and information given to us by GREAT LEISURE and which we consider to be comprehensive, this latter having truthful and fair.

This declaration is not a recommendation by ALLEGRA FINANCE to invest in the shares of GREAT LEISURE. Neither is it a substitute for any other declarations or documents issued by GREAT LEISURE and/or its auditors.

Paris, August XX, 2008

Yannick PETIT
Chairman & CEO of ALLEGRA FINANCE

1.4 Commitments of the Company

Pursuant to the Alternext rules July 17th 2006, the Company commits itself to:

➢ post on its internet website (http://www.XXXXXXXX.com) and on the Alternext website (www.alternext.fr) in English the following information:

- within four months of the end of its fiscal year, the annual financial statements and consolidated financial statements and the Group management discussion and analysis, as well as the reports of the statutory auditors on the aforementioned financial statements(article 4.2 of Alternext's Rules);

- within four months of the end of the second quarter, a semi-annual report covering the first six months of the year (article 4.2 of Alternext's Rules);

- notices of shareholders'general meetings posted online without delay, together with all documents sent to shareholders (article 4.4 of Alternext's Rules);

- any precise information about itself that might have a material impact on the price of its securities, without prejudice to the general regulation of th AMF (ongoing disclosure obligations), any other requirements relating to public offerings of securities in France or the adoption of the bearer form of securities (article 4.3 of the Alternext rules);

- any situation where a person, acting alone or in concert, exceeds or falls below a major holding threshold of 50% ou 95% (fifty or ninety-five business days of the date at which the Company is informed of such breach (article 4.3 of the Alternext rules);

- transactions by officers and directors, within 5 (five) trading days of the day on which it is informed thereof, where such transactions exceed a combined total of €5.000 per director or officer in the calendar year (article 4.3 of the Alternext rules);

➢ at no expense for bearers, maintain records of the issuance and ownership of securities and ensure payment or interest.

2 AUDITORS

2.1 Principal Auditor

- HRT Revision S.A.

23, Val Fleuri
L-1526 Luxembourg
Phone: +352 45 54 54-1
Fax: +352 45 54 88
was appointed principal auditor at the General Meeting of 05/06/2008.
His mandate will expire at the end of the General Meeting convened to approve the financial statements for the fiscal year ended December 31st 2012.

2.2 Alternate Auditor

Nihil.

3 PROCEDURE FOR PLACEMENT TO QUALIFIED INVESTORS AND ADMISSION TO ALTERNEXT LISTING

[chapter to be completed when capital increase achieved]

3.1 Objectives of the Transaction

The purpose of registering GREAT LEISURE GROUP's shares on the NYSE Euronext Paris Alternext market, and of the capital increase completed on that occasion, is to:

- strengthen the Company's financial structure to quickly make scheduled investments, but also to finance changing working capital requirements that the planned growth enables to anticipate, and

- bring greater visibility, and therefore enhanced brand awareness, on a global level, which is extremely important for a Company whose sales are virtually all exports, and which sometimes suffers from its geographic distance from its trading partners.

3.2 Shares whose admission to Alternext is being requested

Number of shares	- 852.650 existing shares make up capital as of this Offering Circular date, all of the same category, fully subscribed and paid-up - 364 432 new shares
Share face value	1€
Type and form	Registered or bearer
Expected registration date	September 12, 2008
Share name	GREAT LEISURE GROUP
ISIN Code	LUXXXXXX
Mnemonic	ALGLG
Industry name	

3.3 Private placement prior to admission

Prior to admission, and based on a price of €13,73, a private placement was made with Qualified Investors in the amount of € 5m, for 364 432 shares.

A request to admit the Company's shares for trading on the NYSE Euronext Paris Alternext market was filed with Euronext Paris.
This admission of the Company's shares to trading on the NYSE Euronext Paris Alternext market will be effective provided the capital increase that is the object of this Offering Circular is completed.
Shares will be admitted on Alternext via Direct Listing and not Public Offering.

3.3.1 List of Qualified Investors

Pursuant to Article L.411-2, II,4,b) of the *Code Monétaire et Financier* – (French Monetary and Financial Code), the Qualified Investor is "a person or entity having the necessary skills and resources to ascertain the risks inherent in transactions on financial instruments." The list of these Qualified Investors is established as per Article D.411-1 of the CMF. In accordance with Article 211-4 of the General Regulations of the *Autorité des marchés financiers* – (French Financial Market Authority), it is hereby specified that:

1/ the transaction will not involve a prospectus submitted for AMF approval
2/ the persons or entities mentioned in II-4 of Article L.411-2 of the CMF can participate in this transaction only in a proprietary fashion, as per Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the CMF
3/ financial instruments thus acquired cannot be directly or indirectly released to the public except as per Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the CMF.

3.3.2 Timetable

August 25,	2008	Opening of capital increase investment
September 5,	2008	Closing of investment
September 8,	2008	Preparation of custodian's certificate
September 9,	2008	Listing notice circulated by Euronext
September 12,	2008	Admission of shares on Alternext

3.3.3 Price at which the shares are offered

Price per share: €13,73

3.3.4 Shares made available to Qualified Investors

GREAT LEISURE wishes to carry out a capital increase of € 5m by issuing 364 432 shares at a face value of €13,73.

3.3.5 Guarantee

N/A

3.3.6 Dilution

Amount and percentage of dilution immediately resulting from the offering

If shares are issued at €13,73 each, the Company's equity at December 31, 2007 would be as follows:

	Before Issue	After Issue - 100%
Equity at December 31, 2007(€)*	3 468 250,99 €	
Number of existing shares	852 650	
Equity per share (€)	4,07 €	

**not including costs for issue*

Impact of the issue on the shareholder's situation

Impact on a shareholder's stake in the capital

A shareholder holding 1% of the Company's capital prior to the issue, who decides not to subscribe to the new issue of shares, would see the following change in his stake in the Company:

	Before Issue	After Issue - 100%
Share of capital held	1%	XX%
Share in voting rights	XXX%	XX%

Impact of the distribution of registered capital and voting rights

The tables below show the immediate impact of the Offering on the distribution of capital and voting rights.

	Avant émission	Après émission à 100%
Part de capital détenu	1%	0,70%

3.4 Authorisations required for private placement

3.4.1 General Meeting of the Company

The General Meeting of June 5, 2008 authorised a capital of 12 000 000 euros (by-laws of the Company article 5)

3.4.2 Decision by the Company's Board of Directors

By virtue of the delegation of authority conferred upon it by the Company's Shareholders cited hereinabove, the Board of Directors of GREAT LEISURE GROUP, at its meeting of XX XXXX 2008, decided on the terms of issue for XXX.XXX new shares at a price equal to the Investment price, namely €XX.XX.

[To be completed with capital increase]

3.5 Engagement de conservation de leur actions par les actionnaires fondateurs de GREAT LEISURE GROUP SA

Les actionnaires :

- Super Star Enterprises limited
- Channel Best Enterprise Limited

se sont engagés irrévocablement à compter de la 1ère cotation des actions GREAT LEISURE GROUP sur le marché Alternext de Nyse Euronext, à ne pas céder, nantir, ou transférer de quelque manière que ce soit les actions de la société GREAT LEISURE GROUP qu'ils détiendront à cette date, selon les termes suivants :

- 100% des actions détenues pendant 6 mois à compter de la première cotation des actions sur le marché Alternext de Nyse Euronext,
- 80% des actions détenues pendant 12 mois à compter de la première cotation des actions sur le marché Alternext de Nyse Euronext,

Cet engagement pris envers le Listing Sponsor, Allegra Finance, pourra le cas échéant être levé par anticipation, de manière totale ou partielle, sur demande expresse du Listing Sponsor, notamment dans le cadre d'évènements exceptionnels de marché ou encore à la demande de l'un ou des signataires du présent engagement, sous réserve de l'accord préalable du Listing Sponsor.

4 SELECTED FINANCIAL INFORMATION

4.1 Key figures taken from pro forma consolidated financial statements

The principal key figures, taken from the pro forma consolidated financial statements, are presented in the table below:

(in € thousands under IFRS)	2007	2006
Revenues	20 707	16 523
Gross profit	4 884	3 195
Operating income	2 223	1 242
Income before tax	2 231	999
Net income	1 489	761
Net fixed assets	8 322	4 791
Shareholders' equity	3 468	2 096
Financial debts	6 768	5 306
Balance sheet total	21 418	17 208

4.2 Key figures taken from GREAT LEISURE PRODUCTS financial statements operating company

(in KRMB under IFRS)	2007	2006
Revenues	215 006	164 996
Gross profit	50 710	31 900
Operating income	23 077	12 402
Income before tax	23 169	9 974
Net income	15 463	7 595
Net fixed assets	89 491	50 257
Shareholders' equity	30 753	15 290
Financial short term debts	72 782	54 572
Balance sheet total	223 701	170 621

5 RISK FACTORS

Investors are invited to consider all the information included in this Offering Circular - including the risks described in this Chapter - before deciding to acquire or subscribe to shares in the Company. The risks presented in this Chapter are those that the Company considers, as of the date of this Offering Circular, as being likely to have a significant negative impact on the Company or its operations, financial situation, earnings or growth. However, the Company cannot rule out other risks that might materialise in the future and have a significant negative impact on the Company or its operations, financial situation, earnings or growth.

As of this date, the Company does not identify any strategy or factor of a governmental, economic, budgetary, monetary or political nature that has significantly influenced or may significantly influence the issuer's transactions directly or indirectly.

5.1 Risks relating to the Company and its activities

5.1.1 Risks relating to the competitive environment

Recently, China has become the number-one furniture producer in the world, as well as the top global exporter, with about 10% of global furniture production. And so, in production terms, competition is mainly found in China, and, to a lesser extent, in Italy. GREAT LEISURE's production is positioned on a niche - garden furniture with an aluminium and woven synthetic fibre base - which is, for now, a niche in the global furniture market. This production meets recent consumer demand, as consumers are seeking out new designs, and is aimed at a mid-to-high-end customer base from Western countries, but also growing demand from China. The design of this outdoor furniture requires the involvement of designers from the "in-out attitude" school, which limits competition. In addition, the local furniture industry in general is still quite scattered, with a heavy contingent of mid-sized family-owned companies. Furthermore, GREAT LEISURE has chosen a mid-to-high-end positioning, promoting quality control. Thus, with regard to market growth potential, in China especially, and to the Company's high-end positioning, intensified competition should not significantly affect Great Leisure's business.

5.1.2 Risks relating to the Company's ability to adapt to strong growth

The company is experiencing sustained growth. Continuing such growth depends in part on the Company's ability to manage changes in the business volume, to adapt its means of production, to bring in new employees, and to move the organisation forward. If the Company's management should encounter serious difficulties in effectively managing this growth, the Company's revenues, earnings and financial situation could be negatively impacted.

5.1.3 Seasonality of business

GREAT LEISURE's business line is characterised by a certain structural seasonality during the July-December period in which, on average, nearly 60% of annual revenues are generated. In accounting terms, this means that the second half of the year is stronger in terms of business volumes and therefore in revenues but the Company try to exploit Australia and South America market in order to break the unevenness (just contrary to Europe market).

In terms of organisation, this seasonality means that the Company has the ability to adapt the organisation of the plant, the capacity of the production and to adjust the working time and the number of employees at work. The seasonal production will cause factory equipment and facilities and human resources lying idle, but during this time the various plant equipment facilities will be maintained neatened and rectified, in order to ensure the normal and orderly production season.

5.2 Risks related to dependence on key employees

One of the growth drivers is the quality of the senior management team and other key personnel and the loss of these individuals could harm its business.
The Company's future success depends on the ability of its senior management and key sales and technical personnel to operate effectively, both individually and as a Company. If the Company were to lose the services of any of these key employees including designers, production managers, it may encounter difficulties in finding a suitable replacement for that person.
The Company's future success depends also on the ability to attract, train, retain and motivate highly skilled technical, sales and support staff.
The Company cannot provide any assurance as to the continued presence of key employees. Should they have an extended absence or leave the company, it could have a significant negative impact on the Company and its business, financial situation, earnings or outlook.

5.3 Trade Risks

5.3.1 Customer Risks

With a customer portfolio of nearly 1,000 accounts, GREAT LEISURE does not deem itself to be facing any risk of dependency on any one of them, given the scattered revenue composition:

Major Customers' Contribution to Revenue	2006	2007
Top customer	14,47%	11,47%
Total of 5 largest customers	45,15%	32,75%
Total of 10 largest customers	60,75%	46,64%

The Company does not have to face insolvency from customers.
As there is no specific industry standards for anti-corrosion guarantee, the Company grants anti corrosion warranty on part of its products. Until now it was not involved in such warranty. The Company obtained different international certifications (ISO 9001, ISO 14000), the production is qualified to international standard manufacture capacity and the Company have a skilled team for quality control.
However the Company can give no assurance that there will be no claims in the future. Defending the Company against such claims may strain management resources, affect the Company's reputation and require the Company to expend significant sums on legal costs.

5.3.2 Supplier and/or Partner Risks

Major suppliers in purchases	2006	2007
Top supplier	9.08%	8.59%
5 largest suppliers	22.45%	23.99%
10 largest suppliers	34.32%	37.14%

Most of the suppliers are Chinese companies situated in the same region as GREAT LEISURE. The Company estimates that it is independent of any supplier.
In order to get better purchase conditions, mainly for aluminium, the Company accepts prepayments with a few suppliers.

5.4 Legal Risks

5.4.1 Risks related to the Political, Social and Legal environment of the People's Republic of China

General risks relating to business operations in emerging markets

The entire operational business of Great Leisure Group is conducted in China. According to the World Bank, China is classified as one of the five biggest emerging markets together with India, Indonesia, Brazil and Russia *(Source: World Bank Annual Report date 31 December 2005).* Investors should thus be aware that Great Leisure Group's operations are subject to possible greater risks than operations in more developed markets, including significant legal, economic and political risks. Moreover, rather than those more developed markets, emerging economies are subject to more rapid change and the information set out herein may therefore become outdated more quickly. Investments in emerging markets or in companies that operate in an emerging market will face more risks and speculation than in more developed markets, and are generally, more suitable for sophisticated investors who fully appreciate the significance of the risks involved. Investors are urged to consult with their own legal and financial advisors before making an investment.

Economic instability in China could adversely affect Great Leisure Group's business

Chinese economic reform has, by and large, been an economic success. However, the relative success is in the past, by itself, that it is impossible to assure a stable development of the economy in the future. As a result of the ongoing rapid changes in China, the PRC economy faces a couple of risks, *inter alia* significant declines in gross domestic product, hyperinflation, an unstable currency, high government debt relative to gross domestic product, a weak banking system providing limited liquidity to domestic enterprises; and rising unemployment due to further privatization of State-Owned Enterprises **("SOE");** rising costs triggered by environmental damages — notably air pollution, soil erosion, and the steady fall of the water table. The occurrence of one or several of these risk factors could have a material adverse effect on the business, financial condition and results of operations of Great Leisure Group.

Fluctuations in the global economy could materially and adversely affect the Chinese economy

The Chinese economy is vulnerable to market downturns and to economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in China or in emerging economies in general could dampen foreign investment in China and businesses could face liquidity constraints.

The infrastructure of China is inadequate, which could disrupt Great Leisure Group's business operations

Compared with developed countries, the infrastructure in China has not been adequately funded and maintained. Particularly affected are rail and road networks, power generation and transmission systems, communications systems, and building stock. Although the operation entity of Great Leisure Group locates at the most developed areas in China - Yangtze River Delta, which having three large harbours (Shanghai, Ningbo and Zhoushan) and two international airports (Shanghai and Hangzhou) nearby (within 2-hours' drive), the poor condition of physical infrastructure in China may add costs to doing domestic business and may result in operational disruptions or delays, which could have a material adverse effect on the business, financial condition and results of operations of Great Leisure Group.

The PRC legal system and regional taxation laws contain inherent uncertainties and inconsistencies

As Great Leisure Group's business is exclusively conducted in China, its operations are governed principally by PRC laws. China is still in the process of developing a comprehensive statutory framework, and its legal system is still considered to be underdeveloped in comparison with legal systems in most western countries. In particular, PRC company law and provisions for the protection of shareholders' rights and access to information are less developed and confer less protection than those applicable to companies incorporated in France or other member states of the EEA. Compared with the western developed countries, the following factors create more uncertainty with respect to the Great Leisure Group's business:

- inconsistencies between and among the constitution, national law, government decrees as well as governmental, ministerial and local orders, decisions, resolutions and other acts;
- conflicting local, regional and national rules and regulations;
- inconsistent use of terms for different rules by different localities and government departments; lack of judicial and administrative guidance on interpreting legislation;
- absence of a solid system of checks and balances between the different parts of the government;
- relative inexperience of judges and courts in interpreting legislation;
- high degree of discretion on the part of governmental authorities, which can result in arbitrary actions such as suspension or termination of licenses or approvals; and relatively untested bankruptcy procedures that might be vulnerable w abuse; and
- differences in the application of norms between different local authorities.

Furthermore, many laws, regulations and legal requirements have only recently been adopted by the central or local governments, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. Depending on the government agency or how an application or a case is presented to such agency, Great Leisure Group may receive less favourable interpretations of law than its competitors. In addition, any litigation in China may be protracted and result in substantial legal costs and diversion of resources and management attention. Similarly, legal uncertainty in China may limit the legal protection available to potential litigants. The occurrence of one or several of these risk factors could have a material adverse effect on the business, financial condition and results of operations of Great Leisure Group.

The judiciary's lack of independence and limited experience and the difficulty of enforcing court decisions and governmental discretion in enforcing claims could prevent Great Leisure Group from obtaining effective remedies in a court proceeding

China's judicial system may not be as independent or immune to economic, political and nationalistic influences as judicial systems in European jurisdictions. To some extent, the court system in China is understaffed and under funded. Since courts are financially dependent on the respective local governments, several judges may sometimes tend to favour the economic interests of the municipalities or provinces and the enterprises located there. Courts are sometimes inexperienced in the area of business law. Not all PRC legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. Enforcement of court orders sometimes may, in practice, be difficult in China. Judicial decisions in China may be unpredictable sometimes and may not provide effective remedies. These uncertainties also extend to property rights.

Expropriation or nationalization of Ningbo Great Leisure Products Co., its assets or portions thereof, potentially without adequate compensation, could have a material adverse effect on the business of Great Leisure Group.

There are difficulties in seeking recognition and enforcement of judgments in China

Substantially all of Great Leisure Group's assets are located in China, and all of its senior management members and directors reside there. The Company is a holding company without any significant operational business of its own. Irrespective of the fact that there is a valid bilateral judicial treaty, which was signed on May 4, 1987 and effective as of February 8,1988, between PRC and France providing for the recognition and enforcement of judgments made by the courts of France (e.g. obtained in relation of claims investors may have with regard to this offering), for investors to effect service of process or enforce court judgments against Great Leisure Group or its assets, senior management or directors in China may face practical difficulties since we so far could not find any precedent of an enforcement case based on such a treaty which is known via public sources.

Restrictions might be imposed upon foreign control of PRC companies

As part of China's accession to the WTO in 2001, China undertook to eliminate certain trade related investment measures and to open up specified industry sectors that had previously been closed to foreign investment. Even though China has lived up to the letter of most of its WTO commitments, foreign investors still encounter barriers in practice as some of the newly enacted or modified laws and regulations are enforced in an inconsistent manner by different authorities. Additionally, there can be no assurance that the Chinese government will not toughen its stance on foreign investors in other areas not covered by the WTO commitments and that the control of environmental protection companies will not change.

The tax status of Great Leisure Group or tax legislation or its interpretation might change

The new PRC enterprise income tax law took effect on 1 January 2008. The tax rules and their interpretation relating to an investment in the Great Leisure Group may be subject to further adverse changes in the future. The applicable tax rates and exemptions may change in the future. Tax holidays and tax breaks referred to in this Prospectus are those currently available and their value depends upon the individual circumstances of investors. Any future adverse change in the Great Leisure Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held by the Company, its ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

Statements in this Prospectus concerning the taxation of Great Leisure Group and Company's investors are based upon current tax laws and practices which are subject to change. In addition, the taxation regime applicable in China may change in the future and could have an adverse impact on the after-tax profits of Ningbo Great Leisure Products Co. As almost all operational profits are generated with Ningbo Great Leisure Products Co. that is subject to the tax law of China, this could have a material adverse effect on the business, financial condition and results of operations of Great Leisure Group.

5.4.2 Risks relating to intellectual property rights

No.	IP Rights	Certificate No.	Registration Country	Contents	Registration Date	Note
1	Trademark	063401212	France	chair (furniture), rocking chair, furniture, chair, table, sleeping bag for camping, metal furniture, rattan woven products, bamboo artware, and wood artware	January 2, 2006	
2	Trademark	30577816	Germany	chair (furniture), rocking chair, furniture, chair, table, sleeping bag for camping, metal furniture, rattan woven products, bamboo artware, and wood artware	March 23,2006	
3	Patent (Appearance Design)	ZL200430079789.1	China	Chair	March 9, 2005	

The synthetic fibres use is without intellectual property rights, but related intellectual property rights are under declaration.

The Company has applied registration in France and Germany for HAOHAND trademark and holds "Trademark Registration Certificates" numbered 063401212 and 30577816 respectively. Registered goods for both certificates are: chair (furniture), rocking chair, furniture, chair, table, sleeping bag for camping, metal furniture, rattan woven products, bamboo artware, and wood artware.

The Company plans to develop marketing under the brand HAOHAND for local customers, but considers that this brand name would not be viable in western countries.

5.4.3 Insurance

The major insurance policies taken out by the Company are:

No	Policy No.	Description of Policy	Period of Cover	Amount of Cover	Premium	Claim[1]	Name of Insurance Firm
1	ANIB9400270 7Q000002D	Cash insurance for all Company's cashes, cashier's cheques, bank drafts, merchant's drafts, checks, money order, unused stamps, traveler's check and securities	00am, March 20, 2007---24 pm, March 19, 2008	RMB 100,000	RMB 800	No	China Pacific Property Insurance Co., Ltd.
2	PDAA200733 02810001102 6	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BW6152	August 23, 2007—August 22, 2008	RMB 1,336,000.0 0	RMB 11,356.56	No	PICC Property and Casualty Company Limited
2	PDAA200833 02810000267 7	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BCS288	February 17, 2008---February 16, 2009	RMB 2,120,000.0 0	RMB 21,387.39	No	PICC Property and Casualty Company Limited
2	PDAA200833 02810000010 5	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BM0919	00am January 3, 2008---24pm January 2, 2009	RMB 826,000.00	RMB 6,200.74	No	PICC Property and Casualty Company Limited
2	ANIB940CTP 07B002502X	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BCJ296	00am May 9, 2007---24pm May 8, 2008	RMB 900,000	RMB 6,180.29	No	China Pacific Property Insurance Co., Ltd.
2	ANIB940CTP 07B002235Z	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BCZ076	00am April 24, 2007—24pm April 23, 2008	RMB 920，000	RMB 6914.64	No	China Pacific Property Insurance Co., Ltd.
2	ANIB940CTP 07B003320Z	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance fo r the car with the license plate of Z-BLC436	00am June 13, 2007—24pm Ju ne 12, 2008	RMB 710,000	RMB 5081.88	No	China Pacific Property Insurance Co., Ltd.
2	ANIB940CTP 07B003324V	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BLC488	00am June 13, 2007—24pm June 12, 2008	RMB 650,000	RMB 3884.87	No	China Pacific Property Insurance Co., Ltd.
2	ANIB940CTP 08B001218M	Compulsory Responsibility Insurance for Mobile Traffic Accidents and Motor Vehicle Insurance for the car with the license plate of Z-BM9247	00am March 2, 2008—24pm March 1, 2009	RMB 132,000	RMB 1,800	No	China Pacific Property Insurance Co., Ltd.
3	ANIB9400290 7Q000117P	Property Comprehensive Insurance for its all transformer 160KV, transformer 630KV, glass fibre reinforced plastic canopy located in Huilong village, Huangjiabu Town, Yuyao city.	March 20, 2007 and ends on March 19, 2008	RMB 66,568,934. 00	RMB 142,292.34	No	China Pacific Property Insurance Co., Ltd.
4	05010102200 800000032	Property Comprehensive Insurance for its all fixed assets and glass fibre reinforced plastic canopy located in Xihua village, Huangjiabu Town, Yuyao city	March 21, 2008- - March 20, 2009	RMB 95,668,244. 96	RMB 96,112.56	No	BOC Insurance Company Ltd.
5	PQZA200833 02810000017 2	Property Comprehensive Insurance for its current assets, glass fibre reinforced plastic canopy, cash and securities.	00am March 22, 2008—24pm March 21, 2009	RMB 38,342,612. 00	RMB 59,686.10.	No	PICC Property and Casualty Company Limited

The Company deems that the insurance policies described above reasonably cover all major risks inherent in its operations, and that its insurance policy is suitable for the practices applied in its industry.

There are, to the Company's knowledge, no significant uninsured risks.

Although the Company has insured major risks (logistics, equipments and other fixed assets), the Company can give no assurance that the present insurance coverage is sufficient to meet any claims to which it may be subject, that it will in the future be able to obtain or maintain insurance on acceptable terms or at appropriate levels or that any insurance maintained will provide adequate protection against potential liabilities. In addition, defending the Company against such claims may strain management resources, affect the Company's reputation and require the Company to expend significant sums on legal costs.

5.5 Exceptional events and litigation

See 21.6.

5.6 Financial Risks

5.6.1 Foreign-exchange risk

GREAT LEISURE runs a foreign-exchange risk insofar as 95% of its supplies and expenses are paid for in local currency (RMB) and 5% are paid for in dollars (USD) whereas 96% of its revenue is generated in USD.
There is no fixed catalogue price. The selling price is negotiated with each order, which lessens the impact of any variation in the dollar.
The Company's financial statements are subject to movements in currency exchange rates on the translation of financial information of businesses whose operational currencies are other than the Company's reporting currency. Fluctuations in the exchange rates between the RMB and other currencies could therefore affect the Company's business, financial condition and results from operations.

5.6.2 Interest-rate risk

At 31 December 2007, GREAT LEISURE has no long-term debt, but does have some net short-term debt (bank debts less available funds) of about €5.3m, up from €4.2m at end 2006.

The Company has no recourse to any financial instruments to hedge the interest-rate risk.

The impact on 2007 accounts of a variation on the order of +/-1% of interest rates is estimated at about €40,000.

5.6.3 Liquidity Risk

The Company has the following authorised short-term financing:

No.	Contract No.	Lender	Date	Maturity date	Amount of Loan	Purpose of Loan	Interest rate (Fixed)	Note
1	YY2007R.D.0480	Yuyao Branch of Bank of China Limited	May 16, 2007	May 15, 2008	RMB 35,750,000	Purchase raw materials	6.0705% per year	
2	YY2007R.D.1129	Yuyao Branch of Bank of China Limited	November 12, 2007	May 11, 2008	RMB 5 million	Purchase raw materials	6.48% per year	
3	NBCB6104DK07082	Yangming Branch of Bank of Ningbo	November 26, 2007	March 21, 2008	RMB 400,000	Purchase raw materials	5.94% per month	Fulfilled
4	NBCB6104DK07083	Yangming Branch of Bank of Ningbo	November 26, 2007	March 16, 2008	RMB 1,080,000	Purchase raw materials	5.94% per month	Fulfilled
5	.H.Y.(Huangjiabu)Z. B.J.Z. No. 200720156	Ningbo Yuyao Rural Cooperative Bank	December 26, 2007	June 30, 2008	Maximum amount of RMB 5 million	Purchase raw materials	variable	
6	2008124	Ningbo Branch of China Everbright Bank	January 10, 2008	January 8, 2009	RMB 5 million	For turnover of operating fund	7.8435% per year	
7	NBCB61040K08008	Yangming Branch of Bank of Ningbo Co., Ltd.	January 28, 2008	April 17, 2008	RMB 800,000	Purchase raw materials	5.475% per month	Fulfilled
8	NBCB61040K08005	Yangming Branch of Bank of Ningbo Co., Ltd.	January 28, 2008	April 21, 2008	RMB 440,000	Purchase raw materials	5.475% per month	Fulfilled
9	NBCB61040K08007	Yangming Branch of Bank of Ningbo Co., Ltd.	January 28, 2008	April 30, 2008	RMB 340,000	Purchase raw materials	5.475% per month	Fulfilled
10	NBCB6104DK08006	Yangming Branch of Bank of Ningbo Co., Ltd.	January 28, 2008	April 1, 2008	RMB 590,000	Purchase raw materials	5.475% per month	Fulfilled

On May 31, 2008, as of current day, the Company's total deposit comprises RMB 20 millions i.e. 1,86M€.

5.6.4 Equity Risk

In view of the nature of its investments (exclusive of mutual funds), the Company does not consider that it faces this type of risk.

5.6.5 Risks relating to planned IPO

Listing in an unregulated market

The shares that are the object of this Offering will not be listed for trading on a regulated market and, therefore, will not have the corresponding guarantees. On the other hand, specific guarantees relative to the company's financial transparency and to the protection of minority shareholders are described in paragraph 22.6 of this Offering Circular.

No prior listing and limited liquidity risk

The Company's shares have not been listed before its Initial Public Offering. Therefore, it is impossible to guarantee that a liquid market exists for the shares, or that such a market, should it develop, will endure. The price of the Company's shares, in the context of its Initial Public Offering, will be based on criteria that may not match future price performance. The price that will be set subsequent to the IPO is likely to vary significantly from that price. If no liquid market for the Company's shares develops, the shares' liquidity and price may be impacted.

6 INFORMATION ON THE COMPANY

6.1 History and development

6.1.1 Legal name

GREAT LEISURE GROUP SA

6.1.2 Company registration number and jurisdiction

The Company is registered in Luxembourg under number B 139184.

6.1.3 Date incorporated and duration

The Company was set up in Luxembourg in the form of a *société anonyme* (limited company) on June 5, 2008.

The Company was set up for an unlimited duration, barring waivers or early dissolution.

6.1.4 Company head office, legal form, and legislation governing its activities

The Company is a *société anonyme* (limited company) with a Board of Directors. The Company is governed by Luxembourg law.

The Company's head offices are located at: 23, Val Fleuri, L-1526 Luxembourg.

6.1.5 Highlights in GREAT LEISURE development

The Company is located in Yuyao City, China, in the province of Zhejiang, in the area of Shanghaï.

On March 15, 2000, establishment of the Chinese-registered operating company Great Leisure Products CO., Ltd with a capital of RMB 0.58 M. In the same year China joined the WTO (World Trade Organization)

At the beginning the Company was specialized first in the production of gazebos.
Sales: 10 million yuan.

2001 Achieving ISO 9000 quality system certification.

2003 Invest 25 million yuan bringing in advanced equipment for furniture production.

2004 Labor union was founded.

2005 Invest 35 million yuan for workshop increased Production Capacity.

2006 Sales breakthrough 100 million yuan to be top 100 Enterprise in Yuyao City.

2006 Registered capital increased from 2.18 million to 6.18 million.

2006 Achieving ISO14000 environmental management system certification.

2007 Sales breakthrough 200 million yuan to be top 50 rate paying Enterprise in Yuyao City.

2008 The company obtains high-quality brand-name title.

The Company is regularly rewarded by Chinese authorities for its dynamism, its strong growth and its exports.

6.2 Investments

6.2.1 Main investments undertaken

The main investments over the two last financial years dealt with:
- RMB 46 million for new buildings
- RMB 4,9 million for production equipments
- RMB 5,9 million in 2007 mainly for installations and decoration

6.2.2 Investments in progress

Current investments necessary for expansion mainly involve in increasing production capacity, equipment for sales capabilities and research and development capabilites.

6.2.3 Investments planned

At the moment, GREAT LEISURE does not plan any significant investments in the coming years and on which the Company management may have made firm commitments.

7 OVERVIEW OF THE COMPANY'S ACTIVITIES

7.1 Brief introduction to GREAT LEISURE

Founded in March 2000 in Ningbo, China, GREAT LEISURE designs, manufactures, and markets medium-range to high-end outdoor furniture, such as patio sets, chairs, lounge chairs, dining tables, coffee tables and gazebos. Almost all of it is made exclusively with aluminium frames and woven synthetic fibres, which give it a modern look, in line with current tastes.

Aluminium has become a popular material for use in garden furniture because of its light weight, sturdiness and, above all, its easy maintenance. The fibres and aluminium frame are designed to withstand bad weather, even freezing temperatures. GREAT LEISURE is being driven by stronger and stronger consumer demand in major industrialised countries. This demand could be relayed in the next few years by the rapid emergence of a Chinese domestic market.

In 2007, GREAT LEISURE generated revenues of almost 20,7 M€, a 25.3% increase, with net income of 1,5 M€, almost doubling the figure from 2006. With almost 1,100 employees, GREAT LEISURE made almost all its sales outside of China in 2007 (more than 96% vs. 84% in 2006)

Its initial public offering will help it carry out its industrial plans: 1) in giving it the financial means to best meet growing demand; and 2) in helping it to expand its sales network, so that it can recover some of the margin that is currently taken by distributors. The IPO will also help the Company increase its brand recognition and international credibility, which is a major issue, given that almost all of its business is outside China.

7.2 General presentation of the activities

7.2.1 A wide range of products for a professional client base

GREAT LEISURE sells outdoor furniture, including patio sets, tables, armchairs, chairs, lounge chairs and gazebos. Its entire range of aluminium-frame products is covered by a seven-year anti-corrosion warranty, regardless of the client country's climate.

Aluminium is a silvery, malleable metal that is remarkable for its corrosion-resistance and low density. In fact, it is highly reactive, but when exposed to air it forms an impermeable layer of aluminium oxide (Al_2O_3), which is a few micrometres thick and protects the rest of the metal and reforms very rapidly. This is called kinetic protection (as opposed to thermodynamic protection, as it is highly reactive). Aluminium is extracted mainly from an ore called bauxite, where it is present in the form of hydrated oxide, from which alumina (Al_2O_3) is extracted. Other minerals can also be extracted, such as nephelin, leucite, sillimanite, andalusite and muscovite. Aluminium is used in many industries to make many different products and is crucial to the global economy. China is a major producer, ahead of North America (the US and Canada). Aluminium-based structural components are essential to the aerospace industry and crucial in other transport and construction sectors, where its low density, durability and resistance are necessary. Aluminium is a natural choice for outdoor furniture and will probably remain so for some time. It has already moved inside the house on verandas and interior gardens but could also become a major component in living and dining sets, given the many designers and decorators who are fond of new materials.

Within a few years GREAT LEISURE has become a world leader in the design and manufacture of aluminium-frame garden furniture. As a designer, the Company each year publishes a catalogue detailing its collection of its new designs, along with models that have become classics. The 2007 catalogue has almost 1,000 different product references. However, only half of its sales are of products in the catalogue, the other half being products custom-made for professional clients, an area in which some suppliers have ceased manufacturing, for financial reasons and because they could not produce products of sufficient quality.

Great Leisure products may be sold individually or in complete sets (e.g., patio sets).
At the beginning of its activity Great Leisure only produced gazebos. In 2003, it expanded its production and sales to complete outdoor furniture. In 2007 the sales of furniture became the major part of the business of the Company. The evolution of the breakdown of sales in the past two years is as follows:

K€	2006	2007
Total sales	**16 523**	**20 707**
of which furniture	5 235	14 409
of which gazebos	11 288	6 298

Fifty to 100 new products are offered each year, almost 85% of which will have a life cycle of about three years.
Some clients impose their design and bring samples with them.

7.2.2 A diversified and international client base

GREAT LEISURE's client base is currently made up exclusively of professionals, whether specialised retailers, wholesalers or distributors. It has almost 1,000 clients in its portfolio, from all continents. No client accounted for more than 11.5% of sales in 2007 (see the "Risk Factors" section).
GREAT LEISURE is visited at its premises by about seven clients/prospects per week.

96% of its sales were outside of China in 2007, up from 85% in 2006. The geographical breakdown of export sales was relatively stable from one year to the next:

Revenues K€	2006	%	2007	%
Europe	6 824	41%	11 051	53%
South America	2 506	15%	1 762	9%
USA	761	5%	3 004	15%
Australia	173	1%	292	1%
Africa	77	0%	30	0%
Asia	6 181	37%	4 568	22%
Total	**16 523**	**100%**	**20 707**	**100%**

GREAT LEISURE's broad client portfolio, particularly its split between the two hemispheres, smoothes over excessive seasonal fluctuations and thus helps prevent production bottlenecks from forming during a small number of months.

Its main clients include:

- United States of America : RT, OUTDOOR, WOODARD
- Netherlands : VAN CANENBROEK ELC BV, OOSTERI, LEENBAKKER
- Germany : BUDERO, REGALISSIM, HARIMA
- France : COMI, MBI, CAFOM
- Italy : SAVINO, STYL, ROSA
- UK : TIGER, JIF, EAM
- Greece : WOODWELL, TRADEL, RIGAS
- Chile : SODIMAC, EASY, CAILE
- Australia : KMART, THEMAY
- Taiwan : KELUO

No client is contractually bound to volume commitments, but the Company only accepts orders on one model if it fills at least four containers. Although exact numbers vary with the articles ordered, this means at least 160 units for each order, given that one container holds about 40 sets (or twice that for furniture in kits),
While orders are not necessarily recurrent, GREAT LEISURE has nonetheless won the trust of its clients, most of whom remain loyal. New clients are most often won over at trade fairs the Company takes part in.

By their very nature, GREAT LEISURE's clients present little credit risk. In addition, the Company has set up an order payment cycle that limits the risk of unpaid invoices.

GREAT LEISURE's business is rather seasonal, with the second half of the year (about 60% of sales) being busier than the first half (about 40%). Generally speaking, the period from May to July is the low season, but this is also the time when clients come to choose their next collection. Deliveries often peak in December and January.

7.2.3 How orders are placed and paid for

The order process is as follows:

There are no list prices. Each time GREAT LEISURE receives an order, it draws up an estimate for the client and makes out an analysis sheet for in-house use, showing the margin on production costs for the order and thus the leeway for negotiating prices.
By sending clients estimates instead of relying on list prices, GREAT LEISURE can take into account order volume, as well as recent fluctuations in the dollar, which is its sole billing currency, and changes in aluminium prices.

Once the estimate has been accepted, the order will not be put into production until after the approval of the purchasing manager, the CFO and the Chairman of the Company. The price offered is valid for six months, and each order is processed within 40 to 45 days.

In almost all cases, the payment schedule is as follows:

- A down-payment of 10% to 30% of the sale price is due upon acceptance of the order. The percentage varies with how long the client has been with the Company and the volume it has ordered.

- The balance must be paid upon shipment, usually through a letter of credit.

The order backlog offers visibility of about four to five months.

7.2.4 Sales channels

The Company has 13 sales reps split up into Regional development and maintenance of customers and is backed by agents in some countries, such as Finland, Belgium and Germany.
Sales to Europe (more than 50% of the total) are mainly with direct clients. Sales to the United States (about 15% of total sales) are mainly through agents.

New clients are prospected directly by the Company's sales team.

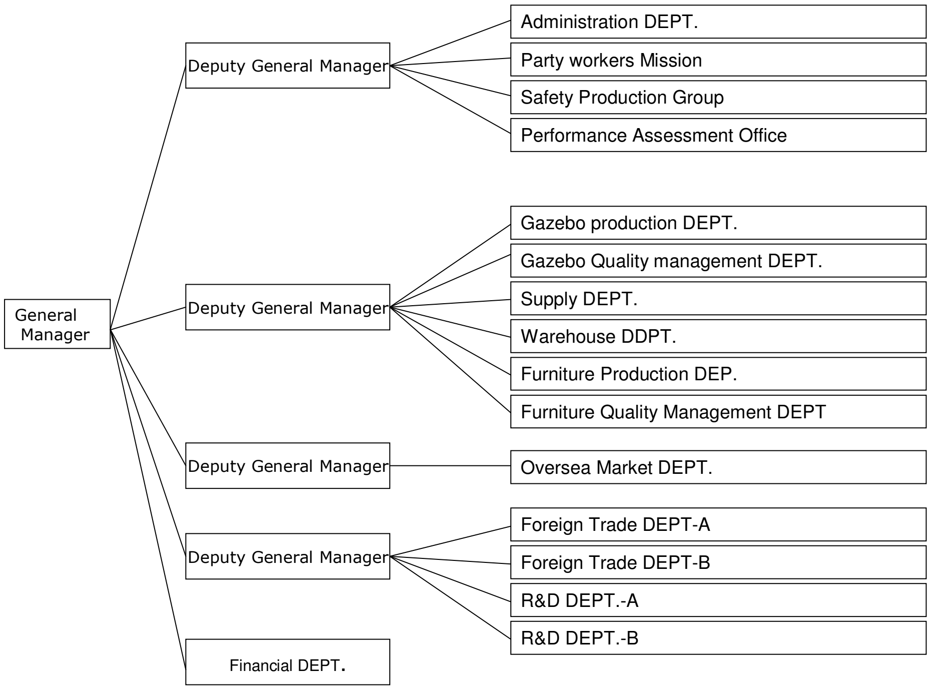
As for marketing, in addition to the two annual catalogues (one special for gazebos and an other catalogue for the other products), a budget of about €200,000 is allocated to the Company's participation at the main trade fairs. For example, GREAT LEISURE has a stand of about 50 m2 at the biannual Canton trade fair. The Company also takes part in the Las Vegas, US, and Frankfurt, Germany, trade fairs. It is planning to take part in two other trade fairs, one in the Middle East and one in Russia.

Since the fiscal year 2008, the company wishes to take the needed actions in the way to provide better coverage of the value chain downstream, to get back a part of the distribution margin. For this issue, a manager of international development joined Great Leisure at the beginning of the year. His main assignment is the creation of the company own distribution network in Europe because it's one of the strategic priorities by 1 or 2 years.

7.3 Organisation of the Company

7.3.1 Organization Chart

Within a single operating entity, apart from its holding structure, GREAT LEISURE has almost 1,100 employees split into 5 major functions: R&D, Production, Sales, Finance, Administration.



7.3.2 Biography of the Top Management of the Operational Company

Huajun (Steve) Wang, General Manager and CEO
Male Birth Date：1976-12 Native place：Yuyao City, Zhejiang, China
Education Qualification ：Master
2000.3: Start" NingBo Great Leisure Products Co. ，Ltd. (General Manager & CEO) Conferred as "Top-Ten Youth Enterpriser" Of Yuyao City Conferred as "Top-Ten Excellent Youth" of Yuyao City Conferred as "Charity Star" Conferred as "Top-Ten Youth Innovation Enterpriser" of Ningbo City Being selected as Vice-chairman of Chamber of Commerce and Business Association of Yuyao City Being selected as the honorary head of the elementary school of Huilong Village Huangjiabu Town Being selected as the members of the 11th Political Consultative Conferences, the deputy of 15th National People's Congress of Yuyao City

Shao Chunsheng, Deputy General Manager
Male Birth Date：1970-2 Native place：Yuyao City, Zhejiang, China
Education Qualification ：EMBA
Take part in the work 1987-9
2000.3：Started the company NingBo Great Leisure Products Co. ，Ltd. with Steve Wang

Gary Chow Ah Peng, Deputy General Manager
Male Birth Date：1954-11 Native place：Malaysia
Education Qualification ：University Degree
Take part in the work 1971.

1974：Act as Marketing and Sales Manager in an Industry light production company.
1982 : Act as Marketing and Sales Manager for VICTRON ELECTRIC（M）SDN. BHD deals in industrial light product.
1992 : Act as Marketing and Sales Manager for VICTRON（M）SDN. BHD., import Outdoor Furniture from Indonesia sells well all over the world.
2008-3: Join In NingBo Great Leisure Products Co., Ltd

Xu Jianjiang, Deputy General Manager
Male Birth Date： 1962-12 Native place：Yuyao City, Zhejiang, China
Education Qualification ：Senior high school
Take part in the work 1983
1991-2001: Act as Sales Manager for Ningbo ChangQing Plastic Production Co.,Ltd
2002: Join In NingBo Great Leisure Products Co., Ltd

Pan Yaner, Deputy General Manager
Female Birth Date：1978-1 Native place：Yuyao City, Zhejiang, Chin
Education Qualification: Junior College
Take part in the work 1998
2002. 3：Join In NingBo Great Leisure Products Co.,Ltd

Tan Haoming, Finance Manager
Male Birth Date：1971-9 Native place：Xiangtan, Hunan Province.China
Education Qualification: Junior College
Take part in the work 1996
1998-2001：Act as Financial Executive for Ningbo Dasen wood Production Co. , Ltd
2001. 11：Join In NingBo Great Leisure Products Co. , Ltd

7.3.3 The design Office

With more than 40 employees split into three departments

- a gazebo team (the Company's original business)
- creators
- sample-preparation team
- and 4 IT designers all equipped with CAD (computer-assisted design software).

The design office carries out the following tasks for the Company :

- developing new collections, where the main variables are shape, ergonomics, colours and materials, all the while working closely with the purchasing and production departments;
- drawing up technical datasheets for each new product reference, once it has been approved;
- publishing the annual catalogue;
- publishing institutional and sales brochures.

The design office also comes up with new products at the request of certain major clients. In this case, the client sends specifications to the design teams. Once it is ready, a draft is emailed to the client with all the technical specifications and three-dimension drawings. After some discussion, sometimes leading to adjustments, the client approves the product, and a prototype is manufactured. It takes an average of about 10 days from design to approval.

Models remain the property of the Company even when they are custom-designed. Moreover, the Company grants no exclusive arrangements, except in exchange for commitments on future volumes.

Previously, about 60% of sales were of products designed by clients. By 2007 this had fallen to just 20%. The Company intends to raise products created in-house by its design office to 90% of its total revenues. The Company intends to continue developing its own creations.
A new catalogue is finalised each year in August and sent out to clients.

7.3.4 Sourcing

The purchasing department has 8 employees (vs. 6 in 2007), and the purchasing manager is also the second principal shareholder of the GREAT LEISURE operating company.

Apart from industrial equipment and small tools, most sourcing involves machined aluminium tubes, as well as, more marginally, textiles for finishing garden furniture. Depending on the models, raw materials account for almost 40% of production cost (including 18% for aluminium).

All sourcing is done with Chinese suppliers located in the same region as GREAT LEISURE, and within a 400-km radius. This proximity shortens supply times considerably (7 to 10 days), thus allowing GREAT LEISURE to limit its raw material inventories considerably and, when required by quality problems, to facilitate returns. Before being put into inventory, materials are test-sampled for quality.

For each raw material, GREAT LEISURE has several suppliers, in order to secure supplies. Paid for entirely in local currency, these raw materials are not susceptible to any risk of shortage. Aluminium, however, is subject to sometimes wide currency swings. With a highly experienced dedicated team able to anticipate raw material price trends, GREAT LEISURE makes firm commitments to most of its suppliers; in exchange, they pledged to refrain from fully passing on price fluctuations.

GREAT LEISURE aims to build up true partnerships with its suppliers, in order to make them more loyal. For example, it holds an annual gathering to which all of them are invited and at which the following topics are discussed: deal pre-existing problems and seeking common ground in the follow-up cooperation and create a win-win situation.

The Company generally does not pay a down-payment on order, and the entire price is paid within 45 days of delivery. See Section 5: “Risk factors”.

7.3.5 Production process

Production is only on order and after a first down-payment is received. All production is at the Company’s sole plant, in Ningbo (200 km from Shanghai). Depending on the order backlog, production is in one, two or even three shifts for the busiest periods (December and January). Each shift works eight hours per day, six days per week.

Production teams are supervised by a plant manager and are structured into successive workshops (six currently, with the weaving shops manned by about 600 persons). Within each workshop, team foremen supervise workers who all receive financial incentives based on quantities produced.

Quality control

The Company grants a great attention to the control of the quality at each stage of the production. In every workshop at least one person is dedicated to the control of the quality.

1 – Cutting raw materials used in manufacturing

This mainly involves machined raw aluminium tubes or cloth, depending on the model to be produced.


Cutting aluminium tubes


Cutting fabric

2 – Making the product frames in the welding shop

Pre-cut tubes then move onto the welding shop where they are assembled into the product frame, based on the technical specifications drawn up by the design office.


Welding the structure


Storing welded frames

Depending on the product's complexity, this stage may take up to 20 minutes. Almost 3 000 frames are assembled daily during busy periods.

3 – Treatment of the aluminium frames

Each aluminium frame then undergoes successive treatments:

- polishing, abrasion,
- anti-corrosion treatment to ensure product integrity for at least seven years,
- depending on the model, treatment of the raw aluminium to matify it
- painting, where applicable,
- thermal treatment to stabilise and set in the treatments (frames are sent through a high-temperature oven).

A large part of these steps are done on automated lines (see photos below), with human handling being limited to placing the frames on the lines.

Depending on the product, 10 units per hour are treated on average.

Placing a frame on the automated line

Moving into the oven for thermal treatment

4 – Product finishing

The last stage consists in product finishing, which will vary with the models being sold.

For example, a cloth finishing may be placed on the aluminium frame, or an exclusively hand-made synthetic weaving (technically impossible to automate the weaving process) will be attached directly on the aluminium frame (see photos below).

Preparation for weaving

Weaving workshop

By way of illustration, each worker weaves an average of three armchairs per day, as seen in the photo above.

For product finishing, the Company also uses accessories, including:

- cushions for armchairs and sofas,
- various sorts of fabric for gazebos, as well as
- glass plates for dining tabletops, coffee tables and bars.

The Company sources all basic products from Chinese companies in the region, such as fabric and foam for the cushions. Some cloth comes from Taiwan. GREAT LEISURE plans to import fabric from Italy, as well.
Cushions and gazebo hangings are then manufactured in-house. Cushions account for about 5% of a product's cost price. Glass plates are bought ready-to-use from external suppliers (glass accounts for 10% to 12% of the cost price of a product using it).

5 – Packing and shipping

Once the order has been manufactured, it is packed for shipping, which is exclusively by sea from the port of Shanghai. It takes about 20 to 25 days for it to reach Europe, and 30 days to reach Latin America and the United States.

At least 10 containers are shipped daily, and as many as 50 during the high season.

GREAT LEISURE handles relations with both road and sea transporters chosen by the client, as well as all customs formalities. Shipping is on a FOB (Free On Board) basis, and the Company pays only for moving the containers from its plant to the shipping harbour.

Finished products awaiting packing

Stocks awaiting shipment

Shipment

7.4 Strategy

Flush with its success thus far, GREAT LEISURE intends to pursue its strategy of winning more market share. To best meet strong market demand, priority for expansion has been set in the following areas:

- ***An expanded presence in the value chain by setting up a direct distribution network in Europe.*** For this purpose, Great Leisure is planning to set up an entity in Europe that will provide a relay until a distribution network is set up or an existing network acquired. France, Germany, Italy and the UK are the markets being focused on.
  In addition, based on this European-based relay, the Company also plans to develop an Internet sales channel directly with end-clients, something that will require storage capacity in Europe.
  Expansion of the sales network will help boost sales, as well as recover a portion of the margin currently paid to distributors.

- ***Increase in storage capacities***: Plant expansion now looks essential, to free up space for production workshops. In 2007 the equivalent of 350 containers per month was produced. Plans call for raising this to 500 containers per month in 2008. The Company considers its production capacity to be sufficient for the next two years. For storage a new 10,000m² building is planned at a cost of €1m.

  Expansion plans are backed by Chinese government aid and the strength of the construction sector. The Chinese government grants assistance to companies for buying new land. The Company believes that a new plant could be set up very quickly, in about six months.

- ***Increased efforts in research & development***: In addition to the quality of its products, GREAT LEISURE wants to increase its spending in R&D and design in order to better meet client demand and to gradually expand a brand-name strategy within its own sales network.

GREAT LEISURE considers the introductory public offer on Alternext Paris as the best way to back this industrial strategy and to hasten expansion through its direct and indirect benefits.

Funds raised from the Company's IPO will give it the financial resources necessary for its plans. Implementing the business plan described above will require a strong financial structure to rapidly carry out planned investments, as well as to fund the higher working capital requirement that will be incurred by expected growth. A market listing will also allow the Company to pay at least partly in shares for any acquisitions it may make under its external growth strategy.

The initial public offering will also provide greater visibility and thus greater name recognition internationally, which is crucial for a Company making almost all its sales through exports and that is sometimes penalised by its geographical distance from its trading partners.

A European listing should make it easier for the Company to recruit managers by attracting talent to take part in the Company's expansion. GREAT LEISURE also intends to use staff-loyalty tools to unite personnel around an exciting and unifying vision.

GREAT LEISURE also intends to take advantage of this opportunity to gradually raise its corporate governance to European standards, in order to meet investor expectations and thus to reinforce its credibility with the financial community in general.

7.5 The market

Great Leisure designs, manufactures and sells articles on a niche of the furniture market but one whose potential is large, now that the furniture market has become global.

7.5.1 Characteristics of the furniture market and the garden furniture market

The information below is mainly from studies of Sessi (Industrial Statistics and Studies Department of the French Ministry of the Economy, Finances and Employment), the Directorate of Foreign Transactions (DGTE) – Canton Economic Mission, and UNIFA (National Union of French Furniture Industries).

Production

Global furniture output in 2006 came to €271.9bn, of which Europe (with 27 members) accounted for 36.6%, North America (NAFTA), 29.2%, and Asia, 27.2% *(source: January 2008 media kit of UNIFA – National Union of French Furniture Industries).*
Within Europe (€99.3bn), France is the fourth-largest producer, with €9bn, behind Italy, Germany and the United Kingdom. However, the most remarkable growth has come in Poland (+11.4% in 2006).

By 2005 China was already the world's top furniture maker, with 10% of global output. Chinese furniture production has been growing by double digits for more than 10 years.

Trends in the Chinese furniture sector

	Value of production	Exports	Imports	Domestic consumption
2006 *$1 = CNY7.9*	NA	$17.5bn	$802m	NA
2005 *$1 = CNY8.1*	CNY340bn	$13.7bn	$680m	CNY156bn
2004 *$1 = CNY8.2*	CNY270bn	$10.4bn	$726m	CNY150bn
2003 *$1=CNY8.2*	CNY204bn	$7.43bn	$575m	NA

China is also the top world exporter, with export sales of €15bn, half of which is to the US and 11% to Europe. China accounts for 20% of the global market, ahead of Italy (11%). Italy, however, is France's top supplier, with 20% of total imports.

The French garden furniture manufacturing sector generates annual sales of €171m by five companies employing 1,054 persons. French output of outdoor and accessory furniture is dropping sharply, due to competition from Italian and Chinese products.
Imports account for most garden furniture sales in France.

Among the companies present on the same style of outdoor furniture as Great Leisure are:
A French company: SIFAS (www.sifas.fr)
A German company: DEDON (www.dedon.de), which employs 3,000 persons, was set up in 1990, and which has developed lines of outdoor furniture using a synthetic fibre that was previously brought out by a family-owned company. This company's production is based on an island in the Philippines.

Consumption / Trends

In France the furniture industry is made up mostly of wood-based products (65%). The two categories of end-consumers are domestic (64%) and professionals (36%). Wood is still the basic material for homes, whereas in the professional world it is a wood/metal mix.

Household furniture consumption rose by an average of 2.8% from 2003 to 2006. Major retailers base themselves more on price, with **globalisation of supply and the introduction of pan-European logistics**; purchasing centres can thus import furniture into France and redistribute it elsewhere in Europe.

Consumer taste is evolving towards other materials than wood, like metal-frame garden furniture and with more modern design.

To meet international demand, **China uses** foreign **designers**. However, to meet growing demand in China, Chinese manufacturers also uses Chinese designers to meet the tastes of local consumers *(source: DGTE Canton Economic Mission)*. As a result, a true Chinese design is emerging, as seen in the participation of Chinese companies in Western trade fairs, mainly in Italy (furniture trade fair in Milan) and the United States, as well as at a major trade fair in Singapore. The local industry nonetheless remains highly fragmented and populated mainly by mid-sized family-owned businesses.

Among the main players in the Chinese furniture industry:

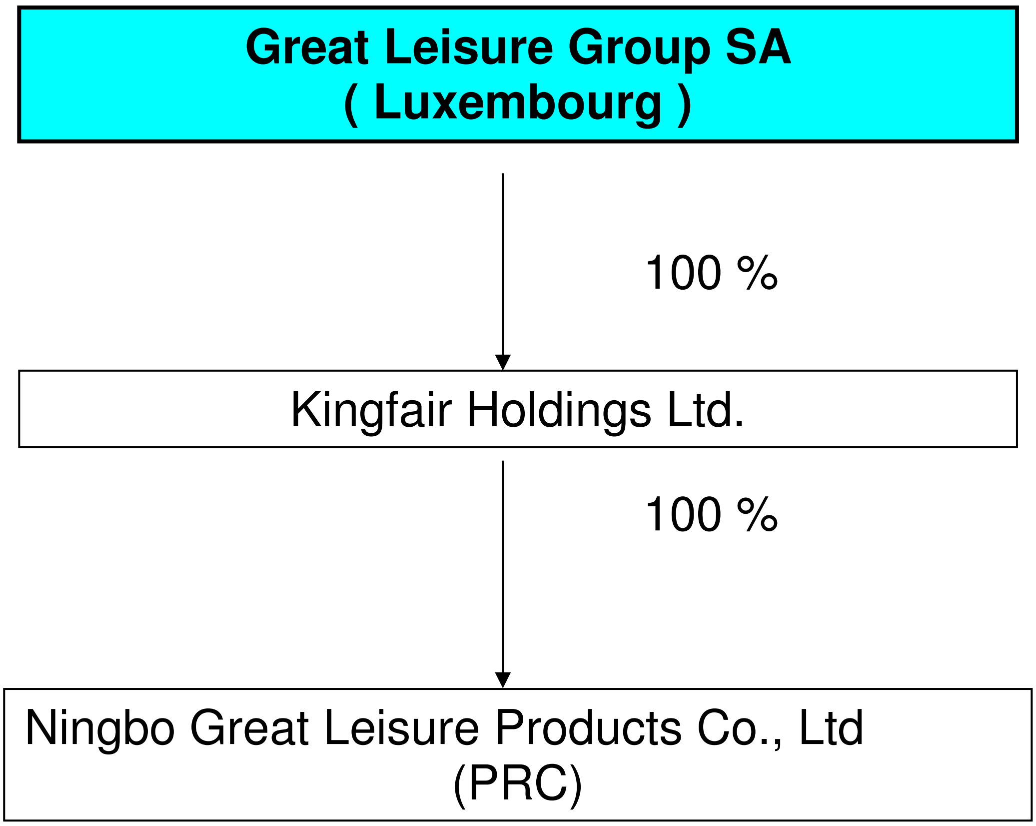
- distributors: Kinhom, Hoba, Jisheng and Wellborn
- manufacturers: Landbond, Richman Group, Norya, Red apple, Optima, Opal, Macalline, Kinetic and Markor.

7.5.2 Competitive environment at Great Leisure

The Company believes it is in the top five on its sector out of about 50 companies worldwide. Among its main competitors are the US company AGIO, which specialises in outdoor furniture and is estimated to generate revenues of about $200m; it is about 10 years old and has at least five plants.

8 ORGANISATION STRUCTURE

8.1 Organisation structure of the Company



Shareholder Commitment : as GREAT LEISURE GROUP SA is the holding created for the purpose of the admission of the Company on Alternext by Nyse Euronext, in order to secure new investors on the ownership of the operational company, its shareholders are committed to maintain at least for the five coming years their stake of 100% of Kingfair Holdings.

8.2 Details of the Subsidiaries

Type	Name	Incorporation	Register number	Capital	Location	Legal representative	Shareholders
Limited	Kingfair Holdings Ltd.	26/08/2007	1374074	$1.000.000	Samoa	M. Wang Juner	100% Great leisure Group S.A.
Limited	Ningbo Great Leisure Products Co., Ltd	15/03/2000	33668	6.180.000 RMB	PRC	M. Wang Huajun	100% Kingfair Holdings Ltd.

8.3 Details of the Group governance

Great Leisure Group S.A. (Luxembourg)

Board of Directors :

M. Huajun WANG, Chairman,
M. Chow AH PENG, Director,
M. Christophe BLONDEAU, non executive Director,
M. Romain THILLENS, non executive Director,

Kingfair Holdings Ltd. (Samoa)

Sole Director:

M. Wang Juner to be replaced by Great Leisure Group S.A. after the admission on Alternext of NYSE Euronext Paris.

All decision are to be made by Great Leisure Group S.A after the admission on Alternext of NYSE Euronext Paris.

Ningbo Great Leisure Products Co., Ltd (PRC)

Executive Director:

M. Huajun Wang

9 REAL ESTATE PROPERTY, FACTORIES AND EQUIPMENT

9.1 Description

Buildings: surface area of about 60,000m²

Real Estate owned by the Company:

	Town, Yuyao City			
2	Huilong Village, Huangjiabu Town, Yuyao City	YFQZHJBZ No. A0515674	Mortgage	4099.98㎡
3	Huilong Village, Huangjiabu Town, Yuyao City	YFQZHJBZ No. A0501851	Mortgage	4389.57㎡
4	Huilong Village, Huangjiabu Town, Yuyao City	YFQZHJBZ No. A0507799	Mortgage	7905.92㎡
5	Huilong Village, Huangjiabu Town, Yuyao City		N/A	20292㎡

Land use rights owned by the Company:

No.	Location	Certificate No.	Tenure	Acquiring method	Other Rights	Area
1	Huilong Village, Huangjiabu Town, Yuyao City	YGY (2005) No. 04689	July 23, 2053	Transfer	Mortgage	26791.9 ㎡
2	Huilong Village, Huangjiabu Town, Yuyao City	YGY(2005) No. 01703	July 27, 2050	Transfer	Mortgage	11484.6 ㎡
3	Huilong Village, Huangjiabu Town, Yuyao City				N/A	19340 ㎡

Leased Property:

On May 28, 2007, the Company entered into a “Lease Agreement for Factory Building” with Yuyao Belt Weaving Factory, leasing from Yuyao Belt Weaving Factory a lot and factory building located in Huilong village, Huangjiabu town, Yuyao city for its business operation. The tenure is from May 1, 2007 to April 30, 2009. The yearly rent, RMB 70,000, is paid once every year. The time of payment is within one month after the agreement goes into effect.

10 REVIEW OF INCOME STATEMENT AND FINANCIAL STANDING

10.1 Presentation of the pro forma consolidated statements

GREAT LEISURE GROUP SA was established on June 5, 2008 as a purpose vehicle for the admission of NINGBO GREAT LEISURE PRODUCTS CO., Ltd as described in chapters 7 and 8.

In order to give to the investors financial information relevant and comparable with future financial statements, the Company prepared pro forma consolidated financial statements with its 100% owned subsidiary Kingfair Holdings Ltd (SAMOA) and with its 100% owned subsidiary NINGBO GREAT LEISURE PRODUCTS CO., Ltd as if the Company would operate since January 1st 2006.

The pro forma consolidated GREAT LEISURE GROUP financial key figures are the followings:

(in € thousands under IFRS)	2007	2006
Revenues	20 707	16 523
Gross profit	4 884	3 195
Operating income	2 223	1 242
Income before tax	2 231	999
Net income	1 489	761
Net fixed assets	8 322	4 791
Shareholders' equity	3 468	2 096
Financial debts	6 768	5 306
Balance sheet total	21 418	17 208

10.2 Principal drivers of revenue generation

The principal driver of GREAT LEISURE revenue is the sale of outdoor furniture manufactured by the Company. The revenue represents the invoiced amount of delivered goods net of discounts, returns and value added tax.
The Company launches its new catalogues in August/September each year.
The revenues are usually higher between July and December.

10.3 Comments on the results of operations

Keuros	Dec 31, 2006	Dec 31, 2007	*Evolution*
SALES OF MAIN OPERATIONS	**16 523**	**20 707**	***25,32%***
Less:cost of main operations	13 223	15 736	*19,00%*
Sales tax and additions	106	87	*-17,92%*
GROSS PROFIT	**3 195**	**4 884**	***52,86%***
Add: Income from other operations	25	83	*232,00%*
Less: Selling expenses	798	1 000	*25,31%*
R&D expenses	32	81	*153,13%*
General and administrative expenses	840	1 206	*43,57%*
Financial expenses	308	458	*48,70%*
OPERATING INCOME	**1 242**	**2 223**	***78,99%***
Non-operating income	24	57	*137,50%*
Less:Non-operating expenses	267	48	*-82,02%*
INCOME BEFORE TAX	**999**	**2 231**	***123,32%***
Less: Income tax	238	742	*211,76%*
NET INCOME	**761**	**1 489**	***95,66%***

Revenues
The total revenues rose by 25,3% between 2006 and 2007. Exports represented 96% of the total sales (84% in 2006). Domestic sales amounted only at 858 K€ in 2007. In 2006, the sales were done through foreign trade companies while in 2007 the Company directly distributed to foreign customers to reduce intermediate links and increase sales margin.

For the geographical breakdown of sales see section 7.2.2 of this Offering Circular. In 2007 the sales towards Europe represented more than 50% of the total sales.

Cost of sales
In 2007 the cost of sales grew by 19%. The raw materials purchases represent the major cost of sales (73% vs78% in 2006). The weight of the salaries and taxes grow sharply.
As the sales grow more than the costs, the gross margin increased sharply. This improvement of the gross margin is mainly due to the modification of the products mix in favour of the new products in aluminium and synthetic rattan.

Selling and distribution expenses
The selling and distribution expenses represent 4,83% of the total revenues in 2007 as in 2006. The major cost is the freight even if the Company pays only for moving the containers from its plant to the shipping harbour. All the exports are FOB.

The “R&D” activity is materialised by the sample expenses.
The exhibition expenses dropped due to less exhibitions in 2007. But the Company still participates to major exhibitions in the world.

Administrative expenses
The administrative expenses rose from 5,08% to 5,82% of the total revenues. The major costs come from the wages which almost doubled.
The Company does not deem insolvency of clients but it uses to provision 5% on the amount of clients orders.

Financial cost
The financial costs represent only 2,21% of the total revenues. Interests are related to short term loans.

Net Income

As a result of a strong growth the net income doubled in 2007 and reached 7,19% of the total sales.

The income statement breakdown is summarised in the table below:

Keuros	2006	2007
SALES OF MAIN OPERATIONS	100,00%	100,00%
Less:cost of main operations	80,03%	75,99%
Sales tax and additions	0,64%	0,42%
GROSS PROFIT	19,34%	23,59%
Add: Income from other operations	0,15%	0,40%
Selling expenses	4,83%	4,83%
R&D expenses	0,19%	0,39%
General and administrative expenses	5,08%	5,82%
Financial expenses	1,86%	2,21%
OPERATING INCOME	7,52%	10,74%
Non-operating income	0,15%	0,28%
Less:Non-operating expenses	1,62%	0,23%
INCOME BEFORE TAX	6,05%	10,77%
Less: Income tax	1,44%	3,58%
NET INCOME	4,61%	7,19%

Comments on the evolution in 2008 (as of May, 31)

On the financial statements of the operational company Ningbo Great Leisure products Co.,Ltd basis, prepared as of May 31, 2008 and with a limited audit of the independent auditor, the sales are 126,6 MRMB, or 11,7 M€ *(average change rate RMB/€ at the end of May 10,82).* This represents already 57% of the total revenues for the year 2007.

The operating income (1,2 M€) represents 10,76% of the revenues.

The net income reaches 10 MRMB, or 930 K€, after a 25% income tax rate (vs 33% the year before). Therefore, net margin is more than 8% of the revenues.

11 CASH AND CAPITAL

11.1 Issuer capital

As of December 31, 2007, the shareholders' equity stands at 3 468 251€, on a proforma consolidated financial statements basis.
Concerning the operational company Ningbo Great Leisure Products Co., Ltd the shareholders' equity stands at 30,8 MRMB as of December 31, 2007 vs 15,3 MRMB as of December 31,2006 and 3,7 MRMB as of December 31, 2005. In 2006 the shareholders' equity increased with the net income (7,6 MRMB) all recorded in reserves and retained earnings and with a 4 MRMB new capital issue. In 2007, as the total 15,5 MRMB net income was recorded in retain earnings.

11.2 Cash flow

The cash flow statement table (proforma consolidated) detailed at section 21.1.3 of this Offering Circular is summarized in the table below:

(K euros)	2006	2007
Net cash from operating activities	-568	3 426
Net cash from investing activities	-1 145	-4 063
Net cash from financing activities	3 240	1 235
Net increase (decrease) in cash and cash equivalents	**1 527**	**598**
Cash and cash equivalents at the end of year	**1 527**	**2 125**

Activities

In 2007 the Company achieved a strong positive net cash from its activities while it was slightly negative in 2006 mainly due to the increase in working capital needs.
In 2007 the net cash performance arises not only from the soaring of the operating income (see comments in chapter 10) but also from a noticeable decrease of working capital needs (11 MRMB) that became negative. Although the activities are experiencing an intense growth of clients terms of payment before shipment is positive for the working capital.
The working capital needs would have decreased more strongly if the company had offered loans to external parties, which increased the “other receivables” (3,7 M€). In the perspective of the admission on Alternext it is planned that the loans will be paid back before the end of 2008 (part of them were already paid back at March 31, 2008).

Investments

As indicated on section 6.2.1, the operational company launched important investments, the major investments concerned the plant extension: building, machines, production equipments.

Financing

Beyond capital subscriptions in the Luxemburg holding and in Kingfair Holdings, the operational company enjoys positive financing cash, mainly in bank loans which are short terms loans, as is usual in China at the moment. In 2006 Ningbo Great Leisure products Co., Ltd shareholders subscribed to a 4 MRMB capital issue.

<u>Cash flow statement of the operational company as at end of May, 2008</u>

In the five first months of the year 2008, Ningbo Great Leisure products Co., Ltd achieved a positive net cash from its activities.

11.3 Borrowing terms and financing structure

As explained in section 5.6.3 the bank loans are usually provided on short term and the renewed. As of May 31, 2008 the amount of the loans was 69,7 MRMB (6,4M€).

11.4 Possible restrictions on the use of capital

There is no restriction on the use of its capital by the Company.

11.5 Expected sources of financing, needed to honour commitments

Due to the existing cash, to its capital as well as banks financing agreements, Great Leisure has no need to find out any external financing source to honour commitments undertaken on that day.

12 RESEARCH AND DEVELOPMENT, PATENTS, LICENSES, BRANDS AND DOMAIN NAMES

12.1 Research and Development

See section 7.3.3

12.2 Patents and Brands

See section 5.4.2

12.3 Licenses and authorizations

The Company has all the necessary business licenses and permits for its business operations in the PRC and it acts in compliance with all applicable PRC laws and regulations which are material to its business operations.

13 INFORMATION ON TRENDS

13.1 Main trends since the end of the last financial year

Beginning with its 2008 financial year, the Company wants to cover more of the chain of value downstream and thus recover some of the distribution margin. With this in mind, a director of international development joined GREAT LEISURE early in the year and was given the main assignment of setting up an in-house distribution network, which will be one of the priority strategic focuses over the next year or two.

In addition to the normal slowdown in business during the Chinese New Year (late January and early February), February was hit by bad weather, with snowstorms tying up transport for several weeks.

However, GREAT LEISURE continued to win over new clients (more than 30 new ones, including one in Iran, a new market for the Company). A US chain with 300 sales outlets is currently testing its product. The Company expects many visits from May to July, which is when clients come to order their collection for the following spring. Moreover, several HAOHAND-brand orders have been booked.

At June 30, 2008, revenues are estimated at RMB 144,18 millions i.e. 13,35 M€

13.2 Known trends, uncertainties, demand, commitments or events that can reasonably be expected to influence the Company's prospects

Nihil.

14 PROFIT ESTIMATES AND FORECASTS

Not applicable.

15 BOARD OF DIRECTORS, MANAGEMENT BOARD, SUPERVISORY BOARD AND HEAD OFFICE

15.1 GREAT LEISURE GROUP SA (Luxembourg)

15.1.1 Background information on officers and directors

Name	Position
Huajun WANG	Chaiman & CEO
Chow AH PENG	Deputy General Manager
Christophe BLONDEAU	Director
Romain THILLENS	Director

The directors were elected on June 5, 2008. Their mandate will expire at the general meeting which will be called to deliberate on the accounts as at December 31st, 2012.
The professional address of the chairman and CEO is GREAT LEISURE's head office.

These persons' management expertise and experience comes from the various salaried and management positions that they have served in previously (see section 7.3.2).

There are no family ties between the persons listed.
Within the last five years, none of these persons:

- has been convicted of fraud;
- has been involved, as an officer or director with a bankruptcy, seizure or liquidation;
- has been banned from management positions;
- has been the subject of official public allegations or sanctions by statutory or regulatory authorities.

15.1.2 Other directorships and posts held

Mr Huajun Wang and Mr Chow Ah Peng do not hold any other mandate of director except in Super Star Enterprises Ltd and in Great Leisure Group and its subsidiaires.

Mr Christophe Blondeau and Mr Romain Thillens act as non executive directors and hold many mandates.

15.1.3 Biographies

Huajun (Steve) WANG, Chairman
See section 7.3.2

Chow (Gary) AH PENG
See section 7.3.2

Christophe BLONDEAU and **Romain THILLENS** are both Luxembourg citizens and act as professional independent directors.

15.2 Conflicts of interest involving directors, officers and top managers

One director is shareholder in the Company. See details in paragraph 18.2.

With the exception of what is stated above, no potential conflict of interest exists at the level of the directors, officers or top management.

No officer or director holds shares in any of the Company's main clients or suppliers.

16 COMPENSATION AND BENEFITS

16.1 Compensation of directors and officers

In the fiscal year 2006 and 2007, on a pro forma consolidated financial statements basis, sums paid to members of the board of directors for work were as follows :

- Mr Huajun Wang was the sole director with a labor contract and paid by the operational company Ningbo Great Leisure Products Co., Ltd. In 2006 and in 2007 its compensation was 200.000 RMB and he benefits a company car. For the current fiscal year, its wages should raise 300.000 RMB.
- Mr Chow Ah Peng joined the group in March 2008. Its annual wage should raise 600.000 RMB.

There is no compensation planned for the two non executive directors.

16.2 Provisions set aside by the Company to pay pensions, retirement and other benefits for directors and officers

The Company has not provisioned sums for the payment of pensions, retirement and other benefits for its directors and officers.

The Company has not granted signing bonuses or departure indemnities for these persons.

17 OPERATION OF ADMINISTRATION AND MANAGEMENT BODIES

17.1 GREAT LEISURE GROUP SA (Luxembourg)

The following articles are extracted from the Articles of association:

Powers of the Board of Directors

Art. 9 The Company shall be managed by a board of directors composed of three (3) members at least who need not be shareholders of the Company. However, in case the Company is incorporated by a sole shareholder or that it is acknowledged in a general meeting of shareholders that the Company has only one shareholder left, the composition of the board of director may be limited to one (1) member only until the next ordinary general meeting acknowledging that there is more than one shareholders in the Company.
The directors shall be elected by the shareholders at their annual general meeting which shall determine their number, remuneration and term of office. The term of the office of a director may not exceed six (6) years and the directors shall hold office until their successors are elected.
The directors are elected by a simple majority vote of the shares present or represented.
Any director may be removed with or without cause by the general meeting of shareholders.
In the event of a vacancy in the office of a director because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions.

Art. 10 The board of directors shall choose from among its members a chairman, and may choose from among its members a vice-chairman. It may also choose a secretary, who need not be a director, who shall be responsible for keeping the minutes of the meetings of the board of directors and of the shareholders.
The board of directors shall meet upon call by the chairman, or two directors, at the place indicated in the notice of meeting.
The chairman shall preside at all meeting of shareholders and of the board of directors, but in his absence, the shareholders or the board of directors may appoint another director as chairman pro tempore by vote of the majority present at any such meeting.
Written notice of any meeting of the board of directors must be given to directors twenty-four hours at least in advance of the date foreseen for the meeting, except in case of emergency, in which case the nature and the motives of the emergency shall be mentioned in the notice. This notice may be omitted in case of assent of each director in writing, by cable, telegram, telex or facsimile, or any other similar means of communication. A special convocation will not be required for a board meeting to be held at a time and location determined in a prior resolution adopted by the board of directors.
Any directors may act at any meeting of the board of directors by appointing in writing or by cable, telegram, telex or facsimile another director as his proxy.
A director may represent more than one of his colleagues.
Any director may participate in any meeting of the board of directors by way of videoconference or by any other similar means of communication allowing their identification. These means of communication must comply with technical characteristics guaranteeing the effective participation to the meeting, which deliberation must be broadcasted uninterruptedly. The participation in a meeting by these means is equivalent to a participation in person at such meeting. The meeting held by such means of communication is reputed held at the registered office of the Company.
The board of directors can deliberate or act validly only if at least half of the directors are present or represented at a meeting of the board of directors.
Decisions shall be taken by a majority of votes of the directors present or represented at such meeting. In case of tie, the chairman of the board of directors shall have a casting vote.
The board of directors may, unanimously, pass resolutions by circular means when expressing its approval in writing, by cable, telegram, telex or facsimile, or any other similar means of communication, to be confirmed in writing. The entirety will form the minutes giving evidence of the resolution.

Art. 11 The minutes of any meeting of the board of directors shall be signed by the chairman or, in his absence, by the vice-chairman, or by two directors. Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise shall be signed by the chairman, or by two directors. In case the board of directors is composed of one director only, the sole director shall sign these documents.

Meetings of the Board of Directors

Art. 12 The board of directors is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by Law or by these articles of incorporation to the general meeting of shareholders fall within the competence of the board of directors.
In case the Company has only one director, such director exercises all the powers granted to the board of directors.
According to article 60 of the Law, the daily management of the Company as well as the representation of the Company in relation with this management may be delegated to one or more directors, officers, managers or other agents, associate or not, acting alone or jointly. Their nomination, revocation and powers shall be settled by a resolution of the board of directors. The delegation to a member of the board of directors shall entail the obligation for the board of directors to report each year to the ordinary general meeting on the salary, fees and any advantages granted to the delegate. The Company may also grant special powers by authentic proxy or power of attorney by private instrument.

Art. 13 The Company will be bound by the joint signature of two (2) directors or the sole signature of any persons to whom such signatory power shall be delegated by the board of directors. In case the board of directors is composed of one (1) member only, the Company will be bound by the signature of the sole director.

The Board of Directors is composed of 4 Directors (please refer to chapter 15).

Supervision of the Company

Art. 14 The operations of the Company shall be supervised by one (1) or several statutory auditors, which may be shareholders or not. The general meeting of shareholders shall appoint the statutory auditors, and shall determine their number, remuneration and term of office which may not exceed six (6) years.

17.2 KINGFAIR HOLDINGS LTD (Samoa)

Kingfair Holdings Ltd is operated by a sole director: Mr. Wang Juner.
Consequently, there is no meeting of The Board of Directors.
Subject to admission of GREAT LEISURE GROUP SA on Alternext, GREAT LEISURE GROUP will replace Mr. Wang Juner as The Sole Director.

The following articles are extracted from The Articles of Association:

DIRECTORS

28. Subject to any subsequent amendment to change the number of directors, the minimum number of directors of the Company shall be one and the maximum number shall be twenty.

29. The first director or directors shall be elected by the subscriber to the Memorandum. Thereafter, the director(s) shall be elected by the members or the director (if there is only one) or directors for such term as the members or the director (if there is only one) or directors may determine.

30. The director(s) shall hold office until his (their) successor(s) shall take office or until his (their) earlier death, resignation or removal.

31. Every vacancy in the board of directors may be filled by a resolution of the members or of the director (if there is only one) or of a majority of the remaining directors if applicable.

32. A director may be a company whether incorporated in Samoa or elsewhere and may act through a representative or delegate appointed from time to time by written notice lodged with the secretary. Any director with the approval of the directors may appoint any person, whether a member of the company or not, to be alternate or substitute director in his place during such period as he thinks fit. Any person while he so holds office as an alternate or substitute director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly, and to exercise all the powers of the appointor in his place. An alternate or substitute director shall not be required to hold any share qualification, and shall ipso facto vacate office if the appointor vacates office as a director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the director making the same.

33. The directors shall not be required to hold any shares in the company unless the company resolves otherwise.

34. The office of directors shall be vacated if the director:

(a) is removed from office by a resolution of members or by a resolution of directors, or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally, or

(c) becomes of unsound mind, or of such infirm health as to be incapable of managing his affairs, or

(d) resigns his office by notice in writing to the company.

35. (a) A director may hold any other office or position of profit under the Company (except that of auditor) in conjunction with his office of director, and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors shall arrange.

(b) A director may be or become a director or other officer of, or otherwise interested in any company promoted by the Company, or in which the Company may be interested, as a member or otherwise, and no such director shall be accountable for any remuneration or other benefits received by him as director or officer or from his interest in such other company. The directors may also exercise the voting powers conferred by the shares in any other company held or owned by the

Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolutions appointing them, or any of their number, directors or officers of such other company, or voting providing for the payment of remuneration to the directors or officers of such other company. A director may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be, or be about to become, a director or officer or such other company, and as such in any other manner is, or may be, interested in the exercise of such voting rights in the manner aforesaid.

(c) No director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be voided, nor shall any director any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason of such director holding that office or of the fiduciary relationship thereby established. The nature of a director's interest must be declared by him at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration, and if the director was not at the date of that meeting interested in the proposed contract or arrangement after it is made, he shall forthwith after becoming so interested advise the Company in writing of the fact and nature of his interest. A general notice to the directors by a director that he is a member of a specified firm or company, and is to be regarded as interested in any contract or transaction which may, after the date of notice, be made with such firm or company shall (if such director shall give the same at a meeting of the directors, or shall take reasonable steps to secure that the same is brought up and read at the next meeting of directors after it is given) be a sufficient declaration of interest in relation to such contract or transaction with such firm or company. A director may be counted as one of a quorum upon a motion in respect of any contract or arrangement which he shall make with the Company, or in which he is so interested as aforesaid, and may vote upon such motion.

OFFICERS

36. The Secretary shall be appointed by the director(s) for such term, and upon such conditions as the director(s) and the secretary shall agree. The directors may appoint other secretaries and, subject to the Act, fix their respective duties and functions. Any secretary may be removed by the director(s) subject to the provisions of the Act.

37. The directors of the Company may, by a resolution of directors, appoint other officer(s) of the Company at such times as shall be considered necessary or expedient, and such officers may consist of a President, one or more Vice-Presidents, other Secretaries in addition to the Secretary and a Treasurer and such other officers as may from time to time be deemed desirable.

38. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed by the directors thereafter, but in the absence of any specific allocation of duties it shall be the responsibility of the President to manage the day-to-day affairs of the Company, the Vice-President to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretary to maintain the registers, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

39. Any person may hold more than one office and no officer need be a director or member of the Company. The officers shall remain in office until removed from office by the directors whether or not a successor is appointed.

40. Any officer who is a body corporate may appoint any person its duly authorised representative for the purpose of representing it and of transacting any of the business of the officers.

POWERS OF DIRECTORS

41. The business of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company, and may exercise all such powers of the Company as are not by the Actor by these Regulations required to be exercised by the members subject to any delegation of such powers as may be authorised by these

Regulations and to such requirements as may be prescribed by resolution of the members; but no requirement made by resolution of the members shall prevail it be inconsistent with these Regulations nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

42. the directors may entrust to and confer upon any director or officer any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit, and either collaterally with, or to the exclusion of, their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit ; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.

43. The directors may from time to time and at any time by power or attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

44. Any director may appoint any person as its duly authorised representative for the purpose of representing it at directors Meetings and of transacting any of the business of the directors.

45. The directors are authorised to open and operate bank accounts with banks, brokerage houses, savings and/or loan associations, credit institutes or any similar institutions of their choice anywhere in the world. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

46. The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital of any part thereof, for issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

47. The continuing directors may act notwithstanding any vacancy in their body, save that if the number of directors shall have been fixed at two or more persons and by reason of vacancies having occurred among the directors there shall be only one continuing director, he shall be authorised to act alone only for the purpose of appointing another director.

PROCEEDINGS OF DIRECTORS

48. The meetings of the directors and any committee thereof shall be held at such place or places as the directors shall decide.

49. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes; in case of an equality of votes the chairman shall have a second or casting vote. A director may at any time summon a meeting of the directors. If the Company shall have only one director, the provisions hereinafter contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters and in lieu of minutes of a meeting, shall record in writing and sign a note or memorandum of all matters requiring a resolution of the directors. Such note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

50. A director shall be given not less than three days notice of a meeting of the directors.

51. Notwithstanding Regulation 50 above, a meeting of directors held in contravention of that regulation shall be valid if a majority of the directors entitled to vote at the meeting have waived the notice of the meeting.

52. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received notice, does not invalidate the meeting.

53. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than the majority of the total number of directors with a minimum of two.

54. If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall be dissolved.

55. Any or more of the directors or any committee thereof may participate in a meeting of directors or of a committee of directors by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

56. A resolution approved by a majority of the directors for the first time being entitled to receive notice of a meeting of the directors or of a committee of the directors and taking the form of one or more documents in writing or by facsimile, telex, telegram, cable or other written electronic communication shall be as valid and effectual as if it had been passed at a meeting of the directors or of such committee duly convened and held, without the need for any notice.

17.3 NINGBO GREAT LEISURE PRODUCTS CO., LTD

Ningbo Great Leisure Products CO., Ltd is operated by a sole director : Mr Huajun Wang

The following articles are extracted from The Articles of Association:

Article 4
The Company is a wholly foreign-owned enterprise with China enterprise legal person status, registered in China in accordance with Chinese laws and regulations. The organization form of the Company is a limited liability company. Company A is liable to the Company within the limit of its capital subscription, and the Company shall assume external liabilities with all of its assets.

Article 5
The Company is under the governance and protection of Chinese laws and its activities must comply with the stipulations of the Chinese laws, decrees and relevant regulations and shall not damage the public interests of China.

Article 6
The Company can set up branches in and out of China with the consent of shareholders and the approval of relevant departments.

Company Institutions and the Qualification, Authorities & Rules of Procedures

Article 16
There is no Shareholders' meeting in the Company and the Shareholders perform rights as follows:
1. To determine the corporate business guidelines and investment plans; its written form shall be kept in the Company with all shareholders' signature.
2. To elect and replace Executive Director, Supervisor and to decide his/her remuneration;
3. To review and approve the reports from the Executive Director;
4. To review and approve the reports from the Supervisor;
5. To review and approve the annual financial budget and final accounting plan;
6. To review and approve the plans for profit distribution and loss compensation;
7. To make resolution on the increase or decrease of the registered capital;
8. To make resolution on such matters as business merger, separation, business mode alteration, winding-up or liquidation;
9. To amend the Articles hereto.

Article 17
Such resolution on increase/decrease in the registered capital, business separation, merger, winding-up, or mode alteration can only come into force after being agreed by the shareholders in written form.

Article 18
There is no the Board of Directors but an Executive Director responsible for the shareholders. Accredited by shareholders, the Executive Director shall have a 3-year office and can renew his service upon accreditation.

Article 19
Responsible to the shareholders, the Executive Director shall perform as follows:
1. To check the execution of shareholders' resolution and report work to the shareholders;
2. To effect the shareholders' resolutions;
3. To decide on the corporate business plans and investment projects;
4. To work out for the plans for annual corporate financial budget and final accounting;
5. To plan for profit distribution and loss compensation;
6. To work out the capital increment or decrement plan;
7. To draft out plan for the business merger, separation, business mode alteration, or dissolution;
8. To decide the administrative framework inside the Company;
9. Upon the nomination from the GM, to engage or dismiss the Deputy Manager, the Financial Principal and decide their remunerations;
10. To lay down the basic managing regulations;

Article 20
There shall be a Manager General, engaged or dismissed by the Executive Director, the GM shall have a 3-year office and can renew his service upon engagement. The GM shall perform as follows:
1. To host the production, business operation & management, and to organize the implementation of resolutions from the Executive Director;
2. To organize the implementation of annual business plan and investment projects;
3. To draft the managing institutional framework inside the Company;
4. To draft the basic corporate managing regulations;
5. To draft the concrete rules and regulations;
6. To propose the engagement or dismissal of Deputy GM and Financial Principal;
7. To engage or dismiss the executives other than those to be engaged or dismissed by the Executive Director;

Article 21
The Executive Director shall be the corporate legal representative, which shall be duly registered.

Article 22
There shall be a Supervisor in the Company, accredited by all shareholders. The Supervisor shall have a 3-year office for every session and can renew his service. The Supervisor shall perform as follows:
1. To check the business financial situation;
2. To supervise the Executive Director, senior managers not to act against the laws, regulations and the articles herein during their office and propose a removal to the Executive Director, senior managers against the laws, regulations and articles herein;
3. To ask the Executive Director and senior managers to correct their conducts when such conducts damage the corporate benefits;
4. To propose the provisional shareholders' meetings;
5. To institute a proceeding against Executive Director, and senior managers in accordance with Article 152 in the "Company Law".

Article 23
Executive Director, senior managers shall not act as Supervisor concurrently.

17.4 Contracts between officers and the Company

Nihil.

17.5 Audit and compensation committees

Nihil.

18 EMPLOYEES

18.1 Human resources

In the past three years the staff of the Company was as follows:

Staff	2005	2006	2007
R&D	12	20	25
Production	758	840	894
Sales	10	14	18
Administratifs	76	86	122
Total	**856**	**960**	**1059**

The Company has a great concern of its staff management, the security and the welfare of the employees.
A building was constructed next to the plant to accommodate the employees and they have a canteen. Furthermore the staff benefits from sports installations for outdoor activities such as indoor activities.
The benefits and welfare expenses (mainly for food and housing) raised from 1 106 KRMB in 2006 to 1 789 KRMB in 2007.

Besides, the Company organizes training courses for different staff categories each year. The training expenses represented 53 KRMB in 2006 and 204 KRMB in 2007.

In 2004 a staff committee was founded in the Company. The contribution of the Company to it amounts to 100 KRMB each year. Among the main functions of this committee we can notice its participation in defining the work conditions of the employees and its organisation of different sorts of events. The existence of a such committee is a legal obligation in WOFE companies.

18.2 Equity stakes and stock options of directors and officers

Mr Chow Ah Peng, owner of 100% of Super Star Enterprises Ltd is a Director of the Company. Thus he indirectly owns 813.650 shares of the Company (95,43%).
There is no share owned by the other directors.

18.3 Equity stakes of employees in the Company

Nihil.

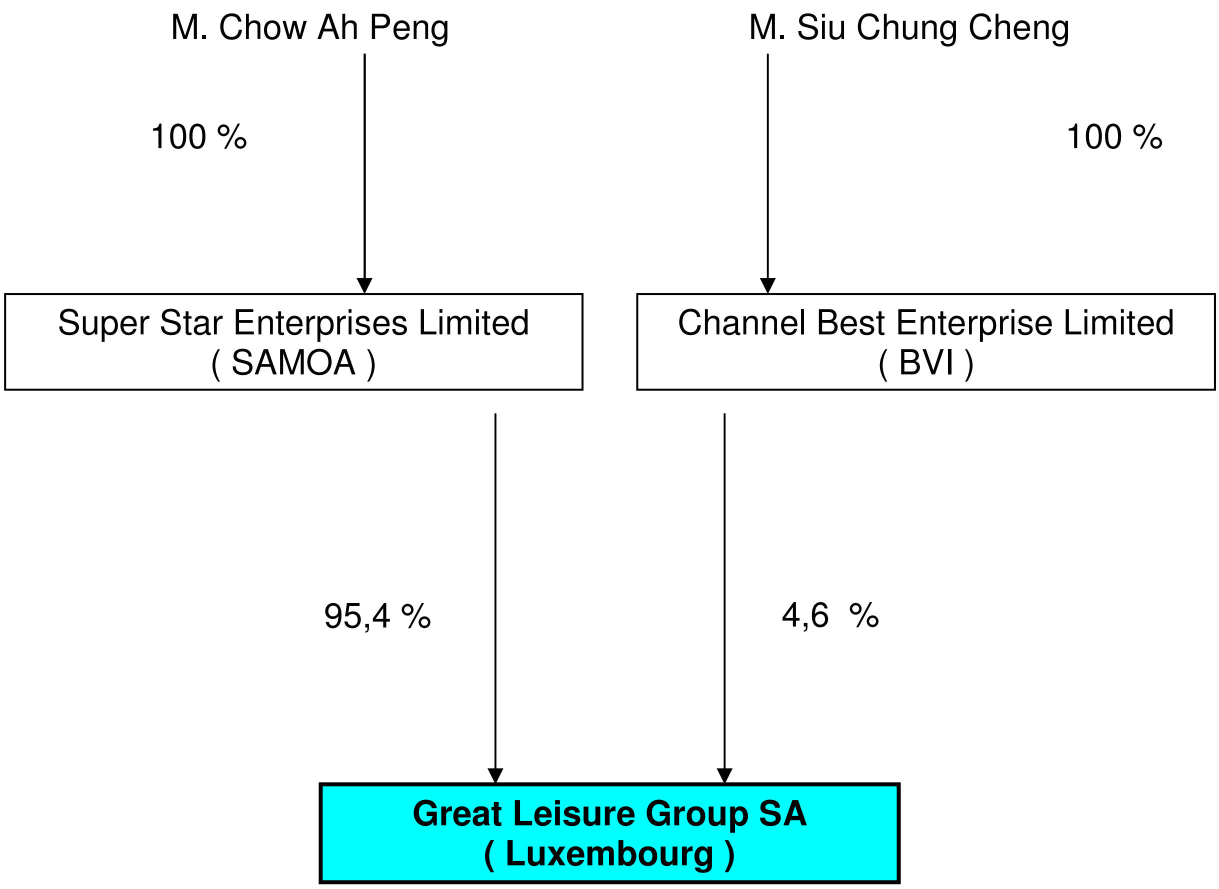
18.4 Profit-sharing contracts

Nihil.

19 PRINCIPAL SHAREHOLDERS

19.1 Breakdown in share capital and voting rights at July 22, 2008

The chart of the Group



19.2 Presentation of the shareholders of GREAT LEISURE GROUP SA

The shareholders of Great Leisure Group SA are:

Shareholders	Number of shares	% capital and voting rights
Super Star Enterprises limited (Samoa)	813 650	95,43%
Channel Best Enterprises Limited (BVI)	39 000	4,57%
Total	852 650	100%

19.2.1 Super Star Enterprises Limited

Super Star Enterprises Limited was incorporated under the laws of the Samoa (*International Companies Act, 1987*), as an international company, under the number 30296.

The Registered office of the Company is situated at Level 5, Development Bank of Samoa Building, Beach Road, Apia , Samoa.

The authorised capital of Super Star Enterprises Limited is USD 1,000,000 divided into 1,000,000 shares of USD 1.00 each. Its sole shareholder is Mr. Chow Ah Peng, holding one million of Super Star Enterprises Limited's shares corresponding to 100% of the share capital.

Mr. Chow Ah Peng is a citizen of Malaysia. He is established there and works as a General Manager.

Super Star Enterprises Limited is operated by a sole director: Mr. Wang Huajun.
He has been appointed as of January 10, 2007.

The following articles are extracted from The Articles of Association:

DIRECTORS

32. Subject to any subsequent amendment to change the number of directors, the minimum number of directors of the Company shall be one and the maximum number shall be twenty.

33. The first director or directors shall be elected by the subscriber to the Memorandum. Thereafter, the director(s) shall be elected by the members or the director (if there is only one) or directors for such term as the members or the director (if there is only one) or directors may determine.

34. The director(s) shall hold office until his (their) successor(s) shall take office or until his (their) earlier death, resignation or removal.

35. Every vacancy in the board of directors may be filled by a resolution of the members or of the director (if there is only one) or of a majority of the remaining directors if applicable.

36. A director may be a company whether incorporated in Samoa or elsewhere and may act through a representative or delegate appointed from time to time by written notice lodged with the secretary. Any director with the approval of the directors may appoint any person, whether a member of the company or not, to be alternate or substitute director in his place during such period as he thinks fit. Any person while he so holds office as an alternate or substitute director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly, and to exercise all the powers of the appointor in his place. An alternate or substitute director shall not be required to hold any share qualification, and shall ipso facto vacate office if the appointor vacates office as a director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the director making the same.

37. The directors shall not be required to hold any shares in the company unless the company resolves otherwise.

38. The office of directors shall be vacated if the director:

(a) is removed from office by a resolution of members or by a resolution of directors, or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally, or

(c) becomes of unsound mind, or of such infirm health as to be incapable of managing his affairs, or

(d) resigns his office by notice in writing to the company.

39. (a) A director may hold any other office or position of profit under the Company (except that of auditor) in conjunction with his office of director, and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors shall arrange.

(b) A director may be or become a director or other officer of, or otherwise interested in any company promoted by the Company, or in which the Company may be interested, as a member or otherwise, and no such director shall be accountable for any remuneration or other benefits received by him as director or officer or from his interest in such other company. The directors may also exercise the voting powers conferred by the shares in any other company held or owned by the Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolutions appointing them, or any of their number, directors or officers of such other company, or voting providing for the payment of remuneration to the directors or officers of such other company. A director may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be, or be about to become, a director or officer or such other company, and as such in any other manner is, or may be, interested in the exercise of such voting rights in the manner aforesaid.

(c) No director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be voided, nor shall any director any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason of such director holding that office or of the fiduciary relationship thereby established. The nature of a director's interest must be declared by him at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration, and if the director was not at the date of that meeting interested in the proposed contract or arrangement after it is made, he shall forthwith after becoming so interested advise the Company in writing of the fact and nature of his interest. A general notice to the directors by a director that he is a member of a specified firm or company, and is to be regarded as interested in any contract or transaction which may, after the date of notice, be made with such firm or company shall (if such director shall give the same at a meeting of the directors, or shall take reasonable steps to secure that the same is brought up and read at the next meeting of directors after it is given) be a sufficient declaration of interest in relation to such contract or transaction with such firm or company. A director may be counted as one of a quorum upon a motion in respect of any contract or arrangement which he shall make with the Company, or in which he is so interested as aforesaid, and may vote upon such motion.

OFFICERS

40. The Secretary shall be appointed by the director(s) for such term, and upon such conditions as the director(s) and the secretary shall agree. The directors may appoint other secretaries and, subject to the Act, fix their respective duties and functions. Any secretary may be removed by the director(s) subject to the provisions of the Act.

41. The directors of the Company may, by a resolution of directors, appoint other officer(s) of the Company at such times as shall be considered necessary or expedient, and such officers may consist of a President, one or more Vice-Presidents, other Secretaries in addition to the Secretary and a Treasurer and such other officers as may from time to time be deemed desirable.

42. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed by the directors thereafter, but in the absence of any specific allocation of duties it shall be the responsibility of the President to manage the day-to-day affairs of the Company, the Vice-President to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretary to maintain the registers, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

43. Any person may hold more than one office and no officer need be a director or member of the Company. The officers shall remain in office until removed from office by the directors whether or not a successor is appointed.

44. Any officer who is a body corporate may appoint any person its duly authorised representative for the purpose of representing it and of transacting any of the business of the officers.

POWERS OF DIRECTORS

45. The business of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company, and may exercise all such powers of the Company as are not by the Actor by these Regulations required to be exercised by the members subject to any delegation of such powers as may be authorised by these Regulations and to such requirements as may be prescribed by resolution of the members; but no requirement made by resolution of the members shall prevail it be inconsistent with these Regulations nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

46. the directors may entrust to and confer upon any director or officer any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit, and either collaterally with, or to the exclusion of, their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.

47. The directors may from time to time and at any time by power or attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

48. Any director may appoint any person as its duly authorised representative for the purpose of representing it at directors Meetings and of transacting any of the business of the directors.

49. The directors are authorised to open and operate bank accounts with banks, brokerage houses, savings and/or loan associations, credit institutes or any similar institutions of their choice anywhere in the world. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

50. The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital of any part thereof, for issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

51. The continuing directors may act notwithstanding any vacancy in their body, save that if the number of directors shall have been fixed at two or more persons and by reason of vacancies having occurred among the directors there shall be only one continuing director, he shall be authorised to act alone only for the purpose of appointing another director.

PROCEEDINGS OF DIRECTORS

52. The meetings of the directors and any committee thereof shall be held at such place or places as the directors shall decide.

53. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes; in case of an equality of votes the chairman shall have a second or casting vote. A director may at any time summon a meeting of the directors. If the Company shall have only one director, the provisions hereinafter contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters and in lieu of minutes of a meeting, shall record in writing and sign a note or memorandum of all matters requiring a resolution of the directors. Such note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

54. A director shall be given not less than three days notice of a meeting of the directors.

55. Notwithstanding Regulation 50 above, a meeting of directors held in contravention of that regulation shall be valid if a majority of the directors entitled to vote at the meeting have waived the notice of the meeting.

56. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received notice, does not invalidate the meeting.

57. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than the majority of the total number of directors with a minimum of two.

58. If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall be dissolved.

59. Any or more of the directors or any committee thereof may participate in a meeting of directors or of a committee of directors by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

60. A resolution approved by a majority of the directors for the first time being entitled to receive notice of a meeting of the directors or of a committee of the directors and taking the form of one or more documents in writing or by facsimile, telex, telegram, cable or other written electronic communication shall be as valid and effectual as if it had been passed at a meeting of the directors or of such committee duly convened and held, without the need for any notice.

19.2.2 Channel Best Enterprises Limited (BVI)

Channel Best Enterprises Limited was incorporated under the laws of the Territory of the British Virgin Islands (*International Business Companies Act Cap. 291*), as an International Business Company, under the number 629933.

The Registered office of the Company is situated at Simmonds Building, Wickhams Cay 1, P.O. Box 961, Road Town, Tortola, British Virgin Islands.

The authorised capital of Channel Best Enterprises Limited is USD 50,000.00 divided into 50,000 shares of USD 1.00 each. Its sole shareholder is Mr. CHEUNG SIU CHUNG, holding one share of Channel Best Enterprise Limited corresponding to 100% of the share capital.

Mr. CHEUNG SIU CHUNG is a citizen of People's Republic of China. He is established there and works as a lawyer.

Channel Best enterprises Limited is operated by a sole director: Mr. LU YongKang.
He has been appointed as of March 1, 2006.

The articles of association provide that : the business and affairs of the Company shall be managed by the directors, who may pay all managed by the directors, who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or the Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorised by these Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be an officer or agent of the Company.

Ever officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution, of directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to fixing the emoluments of directors.

Any director which is a body corporate may appoint any person its duty authorised representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.

The continuing directors may act notwithstanding any vacancy in their body, save that if their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of directors, the continuing directors or director may act only for the purpose of appointing directors to fill any vacancy that has arisen for summoning a meeting of members.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from the time to time be determined by resolution of directors.

19.3 Significant shareholders not represented on the Board of Directors

Nihil.

19.4 Voting rights of the main shareholders

Each share has a single voting right.

19.5 Company control

As of the present Offering Circular no shareholder has the Company control alone.

19.6 Agreements potentially leading to a change in control

There are no agreements liable to result in a change of control.

19.7 Shares pledged as collateral

Nihil.

20 RELATED PARTY TRANSACTIONS

20.1 Important agreements signed with related parties

Details regarding related party transactions for the financial years 2006 and 2007 can be found in Section 21 (Financial Information).

21 FINANCIAL INFORMATION ON THE COMPANY'S ASSETS, FINANCIAL SITUATION AND RESULTS

21.1 GREAT LEISURE SA – IFRS PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 December 2006 and 2007

GREAT LEISURE GROUP SA was established on June 5, 2008 as a purpose vehicle for the admission of NINGBO GREAT LEISURE PRODUCTS CO., Ltd as described in chapters 7 and 8.

In order to give to the investors financial information relevant and comparable with future financial statements, the Company prepared pro forma consolidated financial statements with its 100% owned subsidiary Kingfair Holdings Ltd (SAMOA) and with its 100% owned subsidiary NINGBO GREAT LEISURE PRODUCTS CO., Ltd as if the Company would operate since January 1st 2006.

INDEPENDENT AUDITOR'S REPORT ON PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF GREAT LEISURE GROUP SA AS AT 31 DECEMBER 2006, 2007

To the shareholders of Great Leisure Group SA,

We have audited the accompanying proforma consolidated financial statements of Great Leisure Group SA ("the Company") and its subsidiaries (together "the Group") as at 31 December 2006 and 2007 which comprise the proforma consolidated balance sheet as at 31 December 2006 and 2007, the proforma consolidated income statement, the proforma consolidated statement of change in equity and the proforma consolidated cash flow statement for the financial years ended 31 December 2006 and 2007, and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these proforma consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of proforma consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the proforma consolidated financial statements are free from material misstatement.

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

Opinion

The objective of the proforma consolidated financial statements is to present what the historical consolidated income statement and consolidated balance sheet might have been had if the Company, as describe above, existed at an earlier date.

The proforma consolidated income statement and balance sheet of the proforma Company are not necessarily indicative of the results of the operations or related effects on the financial position that would have been attained if the proforma Company, as described above, actually existed earlier.
In our opinion the accompanying proforma consolidated financial statements present fairly, in all material respects, the financial position of the proforma Company as at 31 December 2006 and 2007 in accordance with International Financial Standards.

Paris, 24 July 2008

BCRH & Associés

Société d'Expertise Comptable et de Commissariat aux Comptes
Inscrite au Tableau de l'Ordre de la Région Paris Ile de France
Membre de la Compagnie Régionale de Paris

François Sors
Associé Gérant

21.1.1 PRO FORMA BALANCE SHEET

GREAT LEISURE GROUP SA

ITEMS		Dec 31,2007	Dec 31,2006	ITEMS		Dec 31,2007	Dec 31,2006
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash		2 125 317,34	1 526 862,38	Short-term loans		6 768 460,66	5 306 421,52
Short-term investments				Notes payable		3 295 965,97	1 884 469,04
Notes receivable				Accounts payable		3 328 070,88	5 039 567,22
Dividends receivable				Accounts advanced from customers		698 418,04	835 288,37
Interest receivable				Accrued payroll		583 677,77	364 913,38
Accounts receivable		2 580 741,20	2 322 169,44	Welfare benefits payable		32 587,41	119 200,20
Other receivable		5 035 617,42	2 520 594,35	Dividends payable			
Advanced to suppliers		652 472,48	449 106,11	Taxes payable		1 148 187,34	157 644,13
Subsidy receivable				Other levies payable		12 480,42	14 447,65
Inventories		2 293 918, 23	5 120 017,26	Other payables		2 082 386,82	1 379 298,36
Prepaied expenses				Accrued expenses			10 394,53
Long-term debt investment within one year				Provisions for foreseeable liabilities			
Other current assets				Deferred revenue			
				Long-term liabilities maturing within one year			
				Other current liablities			
TOTAL CURRENT ASSETS		12 688 066,67	11 938 749,54	TOTAL CURRENU LIABILITIES		17 950 235,31	15 111 644,40
LONG-TERM INVESTMENTS				LONG-TERM LIABILITIES			
Long-term equity investments				Long-term loans			
Long-term debt investments				Debentures payable			
Equity investments difference				Payables due after one year			
				Other long-term payables			
TOTAL LONG-TERM INVESTMENTS		-	-	TOTAL IONG-TERM LIABILITIES		-	
FIXED ASSETS:							
Fixed assets		9 231 468, 94	5 313 228,04	Deferred taxes			
Less:Accumulated depreciation		909 140, 11	522 125,17	Deferred tax credits			
Fixed assets--net value		8 322 328, 83	4 791 102, 87	TOTAL LIABILITIES		17 950 235,31	15 111 644,40
Less:Fixed assets impairment provision				Minority interest			
Fixed assets--net book value		-		OWNERS'(OWNER'S)/SHAREHOLDERS' EQUITY			
Construction supplies				Registered capital		852 656,75	852 650,00
Coostruction in process			95 796,57	Chinese investment(not-RMB)			
Fixed assets pending disposal				Foreign investment(not-RMB)			
				Less:Returned investment			
				Registered capital--net book value		852 650,00	852 650,00
TOTAL FIXED ASSETS		8 322 328,83	4 886 899,44	Capital surplus			
INTANGIBLE ASSETS AND OTHERS				Reserves		2 615 600, 99	1 243 289,62
Goodwill		301 278,60	301 278,60	Including:Statutory accumulation reserve			
Long-term prepaid assets		2 346, 91	4 907,88	Statutory welfare reserve			
Other long-term assets				Discretionary accumulation			
Including: Exchange loss to be written off				Reserved funds			
				Enterprise expension funds			
				Profits capitalised on retum of investments			
TOTAL INTANGIBLE & OTHER ASSETS		303 625,51	306 186,48	Annual profits			
Deferred taxes				Uncertained investment loss			
Deferred tax debits		104 465,29	75 748,56	Undistributed profits			
				Currency exchange difference			
				TOTAL OWNERS' EQUITY		3 468 250,99	2 095 939,62
TOTAL ASSETS		21 418 486,30	17 207 584,02	TOTAL LIABILITIES & OWNERS' EQUITY		21 418 486,30	17 207 584,02

21.1.2 PRO FORMA INCOME STATEMENT

PROFORMA CONSOLIDATED INCOME STATEMENT(euro)

December 31, 2007

GREAT LEISURE GROUP SA

ITEMS		Dec 31,2007	Dec 31,2006
SALES OF MAIN OPERATIONS		**20 707 262,93**	**16 523 472,32**
Less:cost of main operations		15 736 337,27	13 222 623,24
Sales tax and additions		87 028,75	106 281,30
GROSS PROFIT		**4 883 896,91**	**3 194 567,78**
Add: Income from other operations		83 071,82	25 302,93
Less: Selling expenses		999 968,59	797 719,14
R & D expenses		80 636,71	31 790,04
General and administrative expenses		1 205 537,89	840 449,94
Financial expenses		458 308,33	307 601,28
OPERATING INCOME		**2 222 517,21**	**1 242 310,31**
Investment income(loss expressed with "-")			
Subsidiary revenue			
Non-operating income		57 019,73	24 134,82
Less:Non-operating expenses		48 161,83	267 302,78
INCOME BEFORE TAX(LOSS EXPRESSED WITH "-")		**2 231 375,11**	**999 142,35**
Less: Income tax		742 147,02	238 248,58
Minority interest			
Uncertained investment loss			
NET INCOME (LOSS EXPRESSED WITH "-")		**1 489 228,09**	**760 893,77**

21.1.3 PRO FORMA CASH FLOW STATEMENT

PROFORMA CONSOLIDATED CASH FLOW STATEMENT (euro)

ITEMS	31 December 2006	31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	999 142	2 231 375
Adjustements for :		
Exchange difference	-6 009	-141 103
Impairement loss for doubtful accounts	130 440	168 521
Depreciation of property, plant and equipment	240 339	446 303
Interest expenses	307 601	458 303
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1 671 514**	**3 163 399**
WORKING CAPITAL CHANGES		
Accounts receivables	-853 263	-385 426
Other receivables	-1 679 822	-2 762 119
Advances to suppliers	-420 426	-222 956
Inventories	-3 133 995	2 602 772
Deffered taxes	-37 649	-32 021
Notes payables	766 547	1 493 694
Accounts payables	3 006 549	-1 491 679
Advances from customers	533 486	-100 436
Accrued payroll	266 429	234 681
Welfare benefit payables	80 276	-81 413
Taxes payables	289 902	997 419
Other levies payables	16 280	-1 337
Other payables	-846 055	763 720
Accrued expenses	10 395	-9 941
CASH FROM OPERATING ACTIVITIES	**-329 833**	**4 168 359**
Income tax	**-238 249**	**-742 147**
NET CASH FROM OPERATING ACTIVITIES	**-568 082**	**3 426 212**
INVESTING ACTIVITIES		
Purchase of property, land and equipment	-1 178 664	-4 062 950
Long term equity investment	-660 592	
Incidence of scope variation	694 503	
NET CASH FROM INVESTING ACTIVITIES	**-1 144 753**	**-4 062 950**
FINANCING ACTIVITIES		
Capital fully paid in the holding	300 000	
Capital fully paid in the subsidiaries	1 057 136	
Short term loans	2 190 161	1 693 496
Interest expenses	-307 601	-458 303
NET CASH FROM INVESTING ACTIVITIES	**3 239 696**	**1 235 193**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1 526 860**	**598 454**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**1 526 862**	**2 125 317**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**-**	**1 526 862**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1 526 862**	**598 454**

21.1.4 PROFORMA CONSOLIDATED CHANGE IN EQUITY STATEMENT

PROFORMA CONSOLIDATED CHANGE IN EQUITY STATEMENT

(EURO)

	CAPITAL	RESERVES	TOTAL
Balance as at 1th January 2006	**300 000**	**-**	**300 000**
Contribution in kind	552 650		552 650
Capital increase in the subsidiairy	-	388 951	388 951
Exchange differences		93 445	93 445
Net profit for the financial year		760 894	760 894
Balance as at 31 December 2006	**852 650**	**1 243 290**	**2 095 940**
Exchange differences		-116 917	-116 917
Net profit for the financial year		1 489 228	1 489 228
Balance as at 31 December 2007	**852 650**	**2 615 601**	**3 468 251**

21.1.5 NOTES TO THE PRO FORMA COMPANY CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Proforma Consolidated Financial Statements of the financial years ended 31 December 2007, 2006

I. General Information

The proforma consolidated financial statements of Great Leisure Group SA ("the Company") and its subsidiaries (collectively referred as "the Group") are prepared for the years ended 31 December 2006 and 2007.

The registered office is located at 23, Val Fleuri, L 1526 Luxembourg.

The company was incorporated on June 5, 2008 as a Société Anonyme with a fully paid share capital of Euro 300 000.

On 22 July 2008, the directors increased, by a contribution in kind, the capital of the Company by 552 650 euros to bring it from 300 000 euros to 852 650 euros by the issuance of 55 265 new shares with a nominal value of 10 euros each.

The contribution in kind was represented by 100 % of the issued and fully paid-in share capital of KINGFAIR HOLDINGS LTD (Samoa), incorporated on July 26, 2007 with registered number 33668, Level 2, Nia Mall, Vaea Street, Apia, Samoa and its value is based on KINGFAIR HOLDINGS LTD net asset value as at December 31, 2007.

On October 8, 2007, KINFAIR HOLDINGS acquired, for a consideration of 870 000 usd, 100 % of the share capital of NINGBO GREAT LEISURE PRODUCTS CO LTD, a Chinese company with registered office at Xihua Village, Huangjianbu Town, Yuyao City.

The principle activities of NINGBO GREAT LEISURE is manufacturing and processing of tents, tables, chairs and plastic crafts.

II. Basis of preparation

Basis of accounting

The proforma consolidated financial statements of the proforma Group for the years ended 31 December 2006 and 2007 were prepared as if the restructuring exercise had been completed in 1st January 2006. Such presentation reflects the economic substance of the Group throughout the relevant period although the legal parent-subsidiary relationship were not established.

These proforma consolidated financial statements for the years ended 31 December 2006 and 2007 were prepared on the based of audited financial statements, comprise the following companies :

- Kingfair Holdings Limited (the Company) ;
- Great Leisure Products Co Ldt (the subsidiary) ;

The proforma consolidated financial statements of the Group, expressed in Euro, have been prepared for management purposes in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgments

The preparation of the proforma consolidated financial statements in conformity with IFRS requires the use of judgments, estimate and assumptions, if any, that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Foreign Currency Transaction

Items included in the financial statement of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the subsidiary (Great Leisure Products Co Ldt) is Renminbi ("RMB") whereas the consolidated financial statements are presented in Euros ("€"), which is the Group's presentation currency.

Subsidiary 's transactions in foreign currencies are converted at the market exchange rate published by People's Bank of China on the transaction date. The ending balances of various foreign currency accounts are adjusted per the exchange rate (the medium rate) prevailing at the last month of the period.

The financial statements of the overseas subsidiaries are translated into the Group's presentation currency using the year end rate for the balance sheet items and the average rate of exchange for the income statements items. Exchange differences are dealt with as a movement exchange reserve.

III. Summary of significant accounting policies

Consolidation

All inter-company balances and significant inter-company transactions and resulting unrealized profits or losses are eliminated on the consolidation and the proforma consolidated financial statements reflect external transactions and balances only.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Goodwill

Kingfair Holdings Ldt acquired all the shares of Great Leisure Products Co Ldt for a price of 870 000 usd.

The difference between the price paid by the purchaser with the fair value of the assets, liabilities and contingent liabilities as at 1er January 2006, amounted to 301 276,60 usd in the proforma consolidated statements, has been recognized as a goodwill in the proforma balance sheet after audit of proper identification and evaluation of the assets, liabilities and contingent liabilities acquired.

Goodwill arising an acquisition is retained at the carrying amount as a separate asset, and subject to impairment review annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, the difference is recognized directly in the proforma consolidated statements.

Cash and cash equivalents

Cash equivalents are investments which are characterized by a short maturity (generally mature within 3 months since the date of purchase), strong liquidity, ready convertibility and low volatility.

Trade and other receivable

Trade and other receivables are recognized and carried at original amount less an allowance for any uncollectible amounts.

The accounts are considered as bad debits by Group's management within its authority.

The loss of bad debts of the Company is accounted with allowance method, in which the allowance is allocated to offset the loss arising from bad debts.

The range for allowance accounting of bad debts includes the accounts receivable and other receivables.

The bad debt provision is calculated in accordance with the account receivable age as follows:

Account Receivable Age	Percentage %
Within one year	5
Within one to two years	30
Within two to three years	60
Above three years	100

Trade and other payable

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Inventories include the finished products or commodities that are reserved for sale during production and operating activities, or the in-process materials that are under production for sale, or the materials that are consumed during production, operating and R&D activities.

Cost is determined using the weight average method. The cost of finished goods comprises raw materials, direct labor, other direct costs and related production overhead but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Depreciation of property, plant and equipment

Property, plant and equipment are booked at their initial cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over their estimate useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 5 to 30 years.

The depreciation rate is based on the initial costs and estimated economic useful lives of all fixed assets after being reduced by the estimated residual value of 5%.

The estimated residual value and annual depreciation rates of each fixed asset category are as bellows:

Category	Year of Depreciation	RV (%)	Annual Depreciation Rate (%)
House	30	5	3.17
Buildings	20	5	4.75
Special Buildings	5	5	19
Production Facilities	10	5	9.5
Office Facilities	4-6	5	23.75-15.83
Vehicles	5	5	19
Other Equipments	5	5	19

Impairment of non financial assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss, if any, is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset non longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined of no impairment loss had been recognized.

A reversal of an impairment loss is credited as income in the income statements.

Construction in Progress

The estimated value of the construction in progress is transferred into the fixed assets per its actual cost upon its reaching readiness for use.

At the period end, if one or more of the following cases take place, the provision for construction-in-progress devaluation will be allocated, based on the difference of the recoverable value of a single item of construction in progress less its book value.

- The construction in progress is suspended for a long time and will not be completed in three years;

- The project is outdated in terms of technique and functions, and uncertain in terms of profitability for the Company;

- Other cases of devaluation of the construction in progress with sufficient evidences.

Accounting of Intangible Assets

The intangible assets refer to the land-use rights, trademark rights, property rights and software related to the production that have been obtained by the Company. The intangible assets are accounted at actual cost when acquired, of which the purchased intangible assets are accounted for based upon the actual payments and the intangible assets invested by the investors are accounted for based upon the values rationally assessed

The intangible assets are amortized in equal installments over its expected useful life and recorded in gains and losses. In the event that a certain intangible asset cannot presumably bring future benefit to the Company, all the book value of this intangible asset will be transferred to the administrative expenses of current period.

At the period end, the anticipated economic benefit that the intangible asset can bring to the Company is measured. Based on the difference of the recoverable value of a single intangible asset less than its book value, the provision for intangible asset devaluation is allocated.

Related parties

Related parties are entities in which one or more common direct/indirect/ shareholders and/or directors has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Income Recognition Principle

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Revenue excludes value added tax.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Retirement benefit plan

The eligible employees of the Group, who are all citizen of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company to respect the retirement scheme is to make the specified contributions.

Income taxes

Current taxation in provided at the current taxation rate based on the tax payable on the income for the financial period that is chargeable to tax. Deferred taxation is provided at the current rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be recognized.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

The subsidiary's income tax rate is 33 % of the income. In the event that the domestic equipments are purchased for the purpose of technical reconstruction and comply with national requirements on tax exempt, credit and refund, the tax will be exempt at the amount approved by local taxation agency in the current year.

IV. Notes to the Proforma Consolidated Financial Statements

(I). Proforma Consolidated Balance Sheet

1. CASH AND CASH EQUIVALENT

	PROFORMA	
	2007	**2006**
	EURO	**EURO**
Cash on hand	70 928,49	13 613,52
Cash at banks	2 054 388,85	1 513 248,86
Total	2 125 317,34	1 526 862,38

2. ACCOUNTS RECEIVABLES

	PROFORMA	
	2007	**2006**
	EURO	**EURO**
Trade receivables	2 723 194,17	2 444 388,88
Allowance for doubtful receivables	-142 452,97	-122 219,44
Net book value	2 580 741,20	2 322 169,44

3. OTHER RECEIVABLES

	PROFORMA	
	2007	**2006**
	EURO	**EURO**
Other receivables	5 300 649,91	2 654 307,38
Allowance for doubtful receivables	-265 032,49	-133 713,03
Net book value	5 035 617,42	2 520 594,35

At the end of financial years ended 31 December 2006 and 2007, the majors other receivables were as described as below :

	PROFORMA	
	2007	2006
	EURO	EURO
Loans to former parties (1)	1 912 854,99	318 030,31
Loans to related parties		175 028,08
Bank deposit	371 985,87	0,00
Loans to individuals (2)	1 509 489,42	1 090 508,17
Loans to corporations (3)	273 123,71	0,00
Advance to corporations	207 382,12	116 685,39
Deposit (Yuyao Huangjiapu Economy Devpt Zone)	185 992,94	194 475,65
Other	839 820,86	759 579,78
Total	5 300 649,91	2 654 307,38

(1) : Repaid to the company as at 31 March 2008.

(2) : Maturity date : 30 November 2008.

(3) : Repaid to the company as at 31 March 2008.

4. ADVANCE TO SUPPLIERS

	PROFORMA	
	2007	2006
	EURO	EURO
Prepayment to suppliers	652 472,48	449 106,11
Other		
Total	652 472,48	449 106,11

Prepayment to suppliers allow the company to have better conditions for raw material purchases.

5. INVENTORIES

	PROFORMA	
	2007	2006
	EURO	EURO
Raw Material	1 184 445,19	2 573 341,50
Finished Products	5 475,51	2 422 970,99
In-process Products	1 095 993,26	121 268,46
OEM Materials	8 004,27	2 436,31
Total	2 293 918,23	5 120 017,26

6. PROPERTY, PLANT AND EQUIPMENT

COST	Buildings EURO	Production Equipments EURO	Office Equipments 21.1.5.1.1.1 EURO	Vehicles 21.1.5.1.1.2 EURO	Other 21.1.5.1.1.3 EURO	Total 21.1.5.1.1.4 EURO
Balance as at 31 Dec, 2005	**3 154 776,15**	**677 502,36**	**35 599,05**	**150 130,80**	**14 567,41**	**4 032 575,77**
Increase	963 997,11	367 446,54	80 554,48	204 380,17	81 036,19	1 697 414,50
Decrease				386,73		386,73
Exchange difference	325 746,02	69 955,42	3 668,18	15 501,74	1 504,16	416 375,52
Balance as at 31 , Dec 2006	**3 793 027,25**	**974 993,49**	**112 485,35**	**338 622,51**	**94 099,44**	**5 313 228,04**
Increase	3 677 247,57	180 019,52	73 506,92	90 925,22	477 118,59	**4 498 817,83**
Decrease				20 781,89		20 781,89
Exchange difference	399 628,59	102 724,09	11 851,96	35 676,84	9 914,20	559 795,03
Balance as at 31 , Dec 2007	**7 070 646,23**	**1 052 288,92**	**174 140,96**	**373 089,00**	**561 303,84**	**9 231 468,94**

Accumulated depreciation	Buildings EURO	Production Equipments EURO	Office Equipments EURO	Vehicles EURO	Other EURO	Total EURO
Balance as at 31 Dec, 2005	**84 686,40**	**180 511,84**	**13 362,72**	**31 675,08**	**3 906,38**	**314 232,41**
Increase	106 506,35	82 973,05	11 434,71	32 772,14	6 652,55	240 338,79
Decrease						
Exchange difference	8 744,28	18 638,73	1 379,77	3 279,90	403,35	32 446,03
Balance as at 31 , Dec 2006	**182 448,46**	**244 846,16**	**23 417,66**	**61 257,31**	**10 155,57**	**522 125,17**
Increase	206 643,86	127 579,22	27 243,79	69 816,17	15 019,96	446 303,00
Decrease				4 277,61		4 277,61
Exchange difference	19 222,54	25 796,68	2 467,26	6 453,99	1 069,97	55 010,44
Balance as at 31 , Dec 2007	**369 869,78**	**346 628,70**	**48 194,20**	**120 341,88**	**24 105,55**	**909 140,11**

7. SHORT TERM LOANS

	PROFORMA					
	2007 EURO			2006 EURO		
	Amount	Maturity	Modality of repayments	Amount	Maturity	Modality of repayments
United Rural Corporation Bank	859 144,69	2008.01.08 2008.06.30 2008.03.08	In cash	1 317 572,52	2007.03.20 2007.03.04 2007.01.20	In cash
Bank of China	4 748 720,05	2008.05.15 2008.05.11 2008.03.04	In cash	303 715,94	2007.02.10	In cash
China City Bank				243 094,56	2007.03.05	In cash
China Construction Bank	230 631,24	2008.03.16	In cash	3 442 038,50	2007.02.22 2007.03.28 2007.10.12 2007.01.10 2007.03.15 2007.08.14 2007.09.14 2007.03.15 2007.02.10	In cash
CEB Ningbo Branch	929 964,68	2008.01.10				
Total:	**6 768 460,66**			**5 306 421,52**		

8. NOTES PAYABLES

	PROFORMA			
	2007 EURO		2006 EURO	
	Amount	Maturity	Amount	Maturity
Notes payables	3 295 965,97	2008.03.28 2008.01.23 2008.01.25 2008.02.28 2008.04.30 2008.03.08 2008.06.26	1 884 469,04	2007.01.26 2007.06.06 2007.01.21 2007.05.22 2007.06.08

9. ADVANCE RECEIVED

	PROFORMA	
	2007	2006
	EURO	EURO
Advance from customers	698 418,04	835 288,37
Other		
Total	698 418,04	835 288,37

Orders for some clients are subject to the payment of an advance of 10% to 30% of the total order amount.

10. TAX PAYABLES

	PROFORMA	
	2007	2006
	EURO	EURO
Corporate Income Tax	802 562,71	208 217,70
VAT	297 487,40	-68 530,56
Estate Tax	41 751,75	17 930,98
Urban Construction & Maintenance Tax	145,21	26,01
Turnover Tax	6 240,27	0,00
Total	1 148 187,34	157 644,13

11. OTHER LEVIES PAYABLES

	PROFORMA	
	2007	2006
	EURO	EURO
Education Surtax	4 708,96	0,00
Construction Fund for Water Resources	4 653,90	2 250,65
Security Fund for the disabled	62,50	65,35
Fund for Agri-Development	3 055,06	12 131,65
Total	12 480,42	14 447,65

12. OTHER ACCOUNTS PAYABLES

	PROFORMA	
	2007	2006
	EURO	EURO
Due to corporation (1)	1 833 895,74	1 188 570,60
Due to shareholders	29 375,27	0,00
Deposit received	139 494,77	145 856,73
Other	79 621,04	44 871,03
Total	2 082 386,82	1 379 298,36

(1) : The company repaid an amount of 1 255 K€ during January 2008.

13. SHARE CAPITAL

The company was incorporated on June 5, 2008 as a Societe anonyme with a fully paid capital of 300 000 euos. The shares were subscribed as follows:

Super Star Enterprises Limited (SAMOA): 26 100 shares

Channel Best Enterprises Limited (British Virgin islands): 3 900 shares

On July 22, the share capital of the company was increased by a contribution in kind of 552 650 euros subscribed by Super Star Enterprises Limited.

After the extraordinary meeting dated July 22, 2008, the shareholders of the company are:
Super Star Enterprises Limited (Samoa): 813 650 shares
Channel Best Enterprises Limited (British Virgin Islands) 39 000 shares

The company didn't adopt any share option scheme.

(II) PROFORMA CONSOLIDATED INCOME STATEMENT

1. SALES OF MAIN OPERATIONS

Revenue represents invoiced amount of delivered goods net of discounts, returns and value added tax.

	PROFORMA			
	2007		2006	
	EURO		EURO	
	Domestic	Export*	Domestic	Export
Major business	857 720,34	19 849 542,59	2,303 805,38	14 219 666,94

* Most in Europe and in USA (70%); Foreign transactions are mainly contracted in US $.

2. COST OF MAIN OPERATIONS

	PROFORMA	
	2007	2006
	EURO	EURO
Raw Materials	11 439 958,94	10 310 100,94
Other materials	376 462,13	351 789,86
Wages	2 089 525,39	1 116 664,33
Subcontractors	190 428,96	280 057,66
Depreciation	200 560,47	144 496,98
Taxes	1 075 785,03	631 725,06
Other	363 616,35	387 788,41
Total	15 736 337,27	13 222 623,24

3. SELLING EXPENSES

	PROFORMA	
	2007	2006
	EURO	EURO
Salesmen wages	49 009,24	33 620,69
Freight and packaging cost	736 394,28	537 373,80
Commission	83 700,06	14 789,37
Exhibition Expenses	30 476,41	160 191,77
Express mail charges	27 287,71	17 256,62
Travel Expenditures	20 302,98	8 115,19
Other	52 797,91	26 371,70
Total	999 968,59	797 719,14

4. R&D EXPENSES

	PROFORMA	
	2007 EURO	2006 EURO
R&D wages	27 526,20	23 674,87
Sampling fees	53 110,51	8 115,17
Total	80 636,71	31 790,04

5. GENERAL & ADMINISTRATIVE EXPENSES

	PROFORMA	
	2007 EURO	2006 EURO
Wages	308 977,05	163 202,80
Depreciation	228 591,22	94 058,26
Provision for bad debts	168 521,20	130 440,25
Public Relationship fees	68 228,22	90 014,13
Taxes	53 950,70	26 757,02
Pension	49 176,93	35 899,20
Administrative Expenses	44 097,02	65 040,29
Office Expenses	25 441,22	21 618,30
Business Trip Expenses	21 325,54	31 130,02
Fuel	21 318,45	13 061,59
Training Expenditures	19 689,50	5 320,38
Insurance Premium	17 565,27	15 292,74
Post Expenditures	16 462,49	14 408,87
Benefits & Welfare	11 879,75	31 066,10
Contributions to Workers Union	9 630,99	10 014,45
Repair &Maintenance Expenses	9 405,88	7 259,01
Vocational Injury Expenditure	9 202,50	7 583,37
Unemployment Insurance Premium	4 905,54	4 419,63
Medical Insurance Premium	4 305,04	1 513,93
Other Expenses	112 863,38	72 349,60
Total	1 205 537,89	840 449,94

6. FINANCIAL EXPENSES

	PROFORMA	
	2007 EURO	2006 EURO
Net payment of interest	273 659,29	183 578,73
Settlement Commission charges	45 877,32	28 199,29
Exchange loss/gains	108 996,73	78 686,53
Interest of export/import bills	22 580,53	14 650,63
Other	7 194,46	2 486,10
Total	458 308,33	307 601,28

7. INCOME FROM OTHER OPERATIONS

	PROFORMA	
	2007	2006
	EURO	EURO
Raw Material Sales	2 516 988,73	
Cost of sales	2 433 916,91	
Other		25 302,93
Total	83 071,82	25 302,93

8. NON OPERATING INCOME

	PROFORMA	
	2007	2006
	EURO	EURO
Educational Surtax Refund	35 351,13	2 103,02
Government subsidies & prizes	20 537,90	22 031,80
Participation in customers exhibition		
Other	1 130,70	
Total	57 019,73	24 134,82

9. NON OPERATING EXPENSES

	PROFORMA	
	2007	2006
	EURO	EURO
Unordinary Losses	10 780,20	983,21
Expenses on Additional Tax Payment	1 169,11	
Donation	36 212,52	36 318,72
Compensation for external claims		229 694,28
Net loss on disposing fixed assets		306,57
Total	48 161,83	267 302,78

V. EMPLOYEES

The average number of the company's employees during the last two fiscal years is was followed :

	PROFORMA	
	2007	2006
Senior Management	6	5
Middle Management	16	15
Administration staff	94	61
Financial staff	6	5
Sales staff	18	14
R&D staff	25	20
Production Principal	15	15
Employees	879	825
Total	1 059	960

VI. GUARANTEE AGREEMENTS

Company provided the surety to loans valuing at 4,5 million € made to seven companies and persons and hasn't be released from the surety ship at as December 31.2007.

Lender	Scope of Guarantee	Guarantee period	Note
Yuyao Sub-branch of Ningbo Branch of China Citic Bank	929 K€	June 6, 2006 to June 6, 2009	
Yuyao Sub-branch of Ningbo Branch of Shanghai Pudong Development Bank	744 K€	June 22, 2006 to June 22, 2008	
Yangming Branch of Bank of Ningbo	691 K€	December 15, 2006 To December 03, 2008	Terminated
Ningbo Yuyao Rural Cooperative Bank	23 K€	March 20, 2007 to March 20, 2008	Fulfilled
Ningbo Yuyao Rural Cooperative Bank	93 K€	April 10, 2007 to April 10, 2008	Fulfilled
Ningbo Yuyao Rural Cooperative Bank	93 K€	June 18, 2007 to June 18, 2008	Terminated
Ningbo Yuyao Rural Cooperative Bank	93 K€	June 30, 2007 to June 30, 2008	Terminated
Yangming Branch of Bank of Ningbo	688 K€	July 15, 2007 To December 25, 2007	Fulfilled
Ningbo Branch of Industrial Bank Co., Ltd.	1 394 K€	July 31, 2007 to July 31, 2008	
	4 748 K€		

VII. MORTGAGE AGREEMENTS

Pledged Assets	Area	Original Book Value (RMB)	Collateral Value	Mortgagee
House Property	6482.09㎡	794 K€	397 K€	Yuyao Branch of Bank of China
House Property	4099.98㎡	502 K€	251K€	Yuyao Branch of Bank of China
House Property	4389.57㎡	541 K€	271 K€	Yuyao Branch of Bank of China
House Property	7905.92㎡	971 K€	485 K€	Yuyao Branch of Bank of China
Land Use Right	26791.9㎡	2 243K€	1 344K€	Yuyao Branch of Bank of China
Land Use Right	11484.6㎡	960 K€	576 K€	Yuyao Branch of Bank of China
TOTAL		6 011 K€	3 324K€	

VIII. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The staff members meets periodically to analyze and formulate measures to manage the group’s exposure to market risk, including principally changes in interest rates and market prices. Generally, the company employs a conservative strategy regarding its risk management : The company has not used any derivative or other instruments for hedging purposes. The company does not hold or issue derivative financial instruments for trading purposes.

As at 31 December 2007, the company’s financial instruments mainly consist of cash equivalents, receivables and payables.

X. POST BALANCE SHEET EVENTS

The company had no significant post balance events.

21.2 NINGBO GREAT LEISURE PRODUCTS CO., LTD – FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED December 31, 2006 and December 31, 2007

INDEPENDENT AUDITOR'S REPORT ON NINGBO GREAT LEISURE PRODUCTS Co Ldt FINANCIAL STATEMENTS AS AT 31 DECEMBER 2007

To the shareholders of Ningbo Great Leisure Products Co Ldt,

We have audited the accompanying financial statements of Ningbo Great Leisure Products Co Ldt (" the Company ") as at 31 December 2007 which comprise the balance sheet as 31 December 2007, the income statement, the statement of change in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error ; selecting and applying appropriate accounting policies ; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2007 and for the result of its operations, changes in equity and cash flows for the year ended in accordance with International Financial Standards.

Paris, 22 May 2008

BCRH & Associés

Société d'Expertise Comptable et de Commissariat aux Comptes
Inscrite au Tableau de l'Ordre de la Région Paris Ile de France
Membre de la Compagnie Régionale de Paris

François Sors
Associé Gérant

21.2.1 BALANCE SHEET

RMB

ITEMS	Notes	31 December 2006	31 December 2007
CURRENT ASSETS:			
Cash	IV-I-1	12 457 967,89	19 478 925,37
Short-term investments			
Notes receivable			
Dividends receivable			
Interest receivable			
Accounts receivable	IV-I-2	23 881 338,85	27 750 959,34
Other receivable	IV-I-3	25 921 953,38	54 148 480,33
Advanced to suppliers	IV-I-4	4 618 635,98	7 016 099,58
Subsidy receivable			
Inventories	IV-I-5	52 654 584,69	24 666 724,18
Prepaied expenses			
Long-term debt investment within one year			
Other current assets			
TOTAL CURRENT ASSETS		119 534 480,79	133 061 188,80
LONG-TERM INVESTMENTS			
Long-term equity investments			
Long-term debt investments			
Equity investments difference			
TOTAL LONG-TERM INVESTMENTS			
FIXED ASSETS:			
Fixed assets original cost	IV-I-6	54 641 576,70	99 266 876,96
Less:Accumulated depreciation	IV-I-6	5 369 568,61	9 776 071,41
Fixed assets--net value	IV-I-6	49 272 008,09	89 490 805,55
Less:Fixed assets impairment provision			
Fixed assets--net book value		49 272 008,09	89 490 805,55
Construction supplies			
Construction in process		985 178,08	
Fixed assets pending disposal			
TOTAL FIXED ASSETS		50 257 186,17	89 490 805,55
INTANGIBLE ASSETS AND OTHERS			
Intangible assets			
Long-term prepaid assets		50 472,93	25 236,56
Other long-term assets			
Including: Exchange loss to be written off			
TOTAL INTANGIBLE & OTHER ASSETS		50 472,93	25 236,56
Deferred taxes			
Deferred tax debits		779 003,05	1 123 325,32
TOTAL ASSETS		170 621 142,94	223 700 556,23

RMB

ITEMS	Notes	31 December 2006	31 December 2007
CURRENT LIABILITIES:			
Short-term loans	IV-I-9	54 571 578,00	72 781 911,07
Notes payable	IV-I-10	19 380 000,00	35 441 840,31
Accounts payable		51 827 231,32	35 787 067,49
Accounts advanced from customers	IV-I-11	8 590 158,97	7 510 156,60
Accrued payroll		3 752 792,53	6 276 343,41
Welfare benefits payable		1 225 862,45	350 415,56
Dividends payable			
Taxes payable	IV-I-12	1 621 222,29	12 346 569,30
Other levies payable	IV-I-13	148 580,52	134 203,21
Other payables	IV-I-14	14 106 705,47	22 319 060,58
Accrued expenses		106 898,00	
Provisions for foreseeable liabilities			
Deferred revenue			
Long-term liabilities maturing within one year			
Other current liablities			
TOTAL CURRENT LIABILITIES		155 331 029,55	192 947 567,53
LONG-TERM LIABILITIES			
Long-term loans			
Debentures payable			
Payables due after one year			
Govermment grants payable			
Other long-term payables			
Including: Exchange loss to be charged			
TOTAL LONG-TERM LIABILITIES			
Deferred taxes			
Deferred tax credits			
TOTAL LIABILITIES		155 331 029,55	192 947 567,53
Minority interest			
OWNERS'(OWNER'S)/SHAREHOLDERS' EQUITY			
Registered capital	IV-I-15	6 180 000,00	6 180 000,00
Chinese investment		6 180 000,00	6 180 000,00
Foreign investment			
Less:Returned investment			
Registered capital--net book value		6 180 000,00	6 180 000,00
Capital surplus			
Surplus reserve		2 053 095,63	4 614 449,68
Including:Statutory accumulation reserve		2 053 095,63	4 614 449,68
Statutory welfare reserve			
Discretionary accumulation			
Reserved funds			
Enterprise expension funds			
Profits capitalised on retum of investments			
Annual profits			
Uncertained investment loss			
Undistributed profits		7 057 017,76	19 958 539,02
Currency exchange difference			
TOTAL OWNERS' EQUITY		15 290 113,39	30 752 988,70
TOTAL LIABILITIES & OWNERS' EQUITY		170 621 142,94	223 700 556,23

21.2.2 INCOME STATEMENT

INCOME STATEMENT

31 December 2007 (RMB)

ITEMS	Notes	31 December 2006	31 December 2007
SALES OF MAIN OPERATIONS	IV-II-1	**164 996 322,12**	**215 006 572,43**
Less:cost of main operations	IV-II-2	132 035 456,06	163 392 716,38
Sales tax and additions		1 061 279,54	903 632,38
GROSS PROFIT		**31 899 586,52**	**50 710 223,67**
Add: Income from other operations	IV-II-6	252 664,22	862 546,95
Selling expenses	IV-II-3	7 710 994,72	10 425 405,84
General and administrative expenses	IV-II-4	8 964 502,30	13 311 956,97
Financial expenses	IV-II-5	3 074 621,54	4 758 683,13
OPERATING INCOME		**12 402 132,18**	**23 076 724,68**
Investment income(loss expressed with "-")		0,00	0,00
Subsidiary revenue		0,00	0,00
Non-operating income	IV-I-7	**241 000,00**	**592 044,33**
Less:Non-operating expenses	IV-I-8	**2 669 171,11**	**500 071,44**
INCOME BEFORE TAX(LOSS EXPRESSED WITH "-")		9 973 961,07	23 168 697,57
Less: Income tax		2 379 048,32	7 705 822,26
NET INCOME (LOSS EXPRESSED WITH "-")		**7 594 912,75**	**15 462 875,31**

21.2.3 CASH FLOW STATEMENT

CASH FLOW STATEMENT (rmb)

ITEMS	31 December 2006	31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	9 973 961	23 168 697
Adjustements for :		
Impairement loss for doubtful accounts	1 302 520	1 749 705
Depreciation of property, plant and equipment	2 436 079	4 480 913
Interest expenses	3 074 622	4 758 683
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**16 787 182**	**34 157 998**
WORKING CAPITAL CHANGES		
Accounts receivables	-8 775 011	-4 144 519
Other receivables	-17 275 398	-29 701 333
Advances to suppliers	-4 323 683	-2 397 464
Inventories	-32 230 205	27 987 861
Deffered taxes	-387 187	-344 322
Notes payables	7 883 223	16 061 840
Accounts payables	30 919 537	-16 040 164
Advances from customers	5 486 401	-1 080 002
Accrued payroll	2 739 973	2 523 551
Welfare benefit payables	825 561	-875 447
Taxes payables	2 981 374	10 725 347
Other levies payables	89 334	-14 379
Other payables	-8 700 885	8 212 356
Accrued expenses	106 898	-106 898
CASH FROM OPERATING ACTIVITIES	**-3 872 886**	**44 964 425**
Income tax	**-2 379 048**	**-7 705 822**
NET CASH FROM OPERATING ACTIVITIES	**-6 251 934**	**37 258 603**
INVESTING ACTIVITIES		
Purchase of property, land and equipment	-12 121 460	-43 689 296
NET CASH FROM INVESTING ACTIVITIES	**-12 121 460**	**-43 689 296**
FINANCING ACTIVITIES		
Share holders capital contribution	4 000 000	
Short term loans	22 523 757	18 210 333
Interest expenses	-3 074 622	-4 758 683
NET CASH FROM INVESTING ACTIVITIES	**23 449 135**	**13 451 650**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5 075 741**	**7 020 957**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**12 457 968**	**19 478 925**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**7 382 227**	**12 457 968**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5 075 741**	**7 020 957**

CHANGE IN EQUITY STATEMENT

(RMB)

	PAID UP CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 31 December 2005	**2 180 000**	**664 650**	**850 550**	**3 695 200**
Capital increase	4 000 000			4 000 000
Net profit for the financial year		1 388 446	6 206 467	7 594 913
Balance as at 31 December 2006	**6 180 000**	**2 053 096**	**7 057 017**	**15 290 113**
Net profit for the financial year		2 561 354	12 901 521	15 462 875
Balance as at 31 December 2007	**6 180 000**	**4 614 450**	**19 958 538**	**30 752 988**

21.2.4 NOTES TO THE COMPANY FINANCIAL STATEMENTS

Notes to the Financial Statements of Year 2007
Ningbo Great Leisure Products Co., Ltd

I. General Information

The financial statements of Great Leisure Products Co Ldt are prepared for the years ended 31 December 2007 and 31 December 2006.

The registered office is located at Xihua Village, Huangjiabu Town, Yuyao City, Zhejiang Province, People's Republic of China ("PRC").

The company was incorporated on 15 March 2000 as a limited company in Yuyao, Ningbo, Zhejiang Province, its registered number is 330200400016911 and its registered capital is 6 180 000 rmb. The original investors were Mr Wang Huajun and Mr Shao Chunsheng who owned all the equity.

During the financial year 2007, the company became a wholly-owned subsidiary of Kingfair Holdings Ldt, a company incorporated in Samoa and obtained the business permit for Wholly Foreign Owned Enterprise in PRC issued by People's Government of Ningbo Minicipality.

Main activities of the company are manufacturing and processing of tents, tables, chairs, plastic crafts, electric accessories, packing and decoration, printing for other printed products(license valid until December 31, 2008), import and export of all commodities and technologies.

II. Basis of preparation

Basis of accounting

The financial statements, expressed un Remminbi ("RMB"), are prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, excepted as disclosed in the accounting policies as below.

Significant accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires the use of judgments, estimate and assumptions, if any, that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Accounting of Foreign Currency Transaction

The accounting of the foreign currency transaction is based on RMB converted as per the market exchange rate published by People's Bank of China on the transaction date. The ending balances of various foreign currency accounts are adjusted per the exchange rate (the medium rate) prevailing at the last month of the period.

III. Summary of significant accounting policies

Cash and cash equivalents

Cash equivalents are investments which are characterized by a short maturity (generally mature within 3 months since the date of purchase), strong liquidity, ready convertibility and low volatility.

Trade and other receivable

Trade and other receivables are recognized and carried at original amount less an allowance for any uncollectible amounts.

The accounts are considered as bad debits by Company's management within its authority.

The loss of bad debts of the Company is accounted with allowance method, in which the allowance is allocated to offset the loss arising from bad debts.

The range for allowance accounting of bad debts includes the accounts receivable and other receivables.

The bad debt provision is calculated in accordance with the account receivable age as follows:

Account Receivable Age	Percentage %
Within one year	5
Within one to two years	30
Within two to three years	60
Above three years	100

Trade and other payable

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Inventories include the finished products or commodities that are reserved for sale during production and operating activities, or the in-process materials that are under production for sale, or the materials that are consumed during production, operating and R&D activities.

Cost is determined using the weight average method. The cost of finished goods comprises raw materials, direct labor, other direct costs and related production overhead but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Depreciation of property, plant and equipment

Property, plant and equipment are booked at their initial cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over their estimate useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 5 to 30 years.

The depreciation rate is based on the initial costs and estimated economic useful lives of all fixed assets after being reduced by the estimated residual value of 5%.

The estimated residual value and annual depreciation rates of each fixed asset category are as bellows:

Category	Year of Depreciation	RV (%)	Annual Depreciation Rate (%)
House	30	5	3.17

Buildings	20	5	4.75
Special Buildings	5	5	19
Production Facilities	10	5	9.5
Office Facilities	4-6	5	23.75-15.83
Vehicles	5	5	19
Other Equipments	5	5	19

Impairment of non financial assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss, if any, is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset non longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined of no impairment loss had been recognized.

A reversal of an impairment loss is credited as income in the income statements.

Construction in Progress

The estimated value of the construction in progress is transferred into the fixed assets per its actual cost upon its reaching readiness for use.

At the period end, if one or more of the following cases take place, the provision for construction-in-progress devaluation will be allocated, based on the difference of the recoverable value of a single item of construction in progress less its book value.

- The construction in progress is suspended for a long time and will not be completed in three years;

- The project is outdated in terms of technique and functions, and uncertain in terms of profitability for the Company;

- Other cases of devaluation of the construction in progress with sufficient evidences.

Accounting of Intangible Assets

The intangible assets refer to the land-use rights, trademark rights, property rights and software related to the production that have been obtained by the Company. The intangible assets are accounted at actual cost when acquired, of which the purchased intangible assets are accounted for based upon the actual payments and the intangible assets invested by the investors are accounted for based upon the values rationally assessed

The intangible assets are amortized in equal installments over its expected useful life and recorded in gains and losses. In the event that a certain intangible asset cannot presumably bring future benefit to the Company, all the book value of this intangible asset will be transferred to the administrative expenses of current period.

At the period end, the anticipated economic benefit that the intangible asset can bring to the Company is measured. Based on the difference of the recoverable value of a single intangible asset less than its book value, the provision for intangible asset devaluation is allocated.

Related parties

Related parties are entities in which one or more common direct/indirect/ shareholders and/or directors has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Income Recognition Principle

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Revenue excludes value added tax.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Retirement benefit plan

The eligible employees of the company, who are citizen of the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company to respect the retirement scheme is to make the specified contributions.

Income taxes

Income tax for the financial year comprises current and deferred tax. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial period that is charged to tax.

(1) Value-added tax: Paid at the rate of 17%; Commodity for export was exempt form VAT.

(2) Urban maintenance & construction tax: Payable at 0,1% of the VAT exempt-credit amount and turnover tax.

(3) Education surtax (Rural education surtax): Payable at 5% of the VAT exempt-credit amount and turnover tax.

(4) Construction fund of water resources: Payable at 0.1% of the sales revenue.

(5) Real estate tax: Payable at 1.2% of 70% of the real estate original value.

(6) Company income tax: paid at 33% of the income. In the event that the domestic equipments are purchased for the purpose of technical reconstruction and comply with national requirements on tax exempt, credit and refund, the tax will be exempt at the amount approved by local taxation agency in the current year.

IV. Notes to the Financial Statements

(I). Balance of Sheets

1. CASH AND CASH EQUIVALENT

	Financial years ended 31 December	
	2007	2006
	RMB	RMB

Cash on hand	762,700.95	140,002.27
Cash at banks	18,716,224.42	12,317,965.62
Total	19,478,925,37	12,457,967.89

2. ACCOUNTS RECEIVABLES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Trade receivables	29,282,769.89	25,138,251,42
Allowance for doubtful receivables	(1,531,810.55)	(1,256,912,57)
Net book value	27,750,959.34	23,881,338.85

3. OTHER RECEIVABLES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Other receivables	56,998,400.35	27,297,066.72
Allowance for doubtful receivables	(2,849,920.02)	(1,375,113.34)
Net book value	54,148,480.33	25,921,953.38

For the purpose of the listing on Alternext Market of Euronext Paris during the first half of 2008, most of the majors amounts due to the company which hadn't a direct relation with the business were repaid to the company.

At the end of financial years ended 31 December 2006 and 2007, the majors other receivables were as described as below :

	Financial years ended 31 Dec	
	2007	2006
	RMB	RMB
Loans to former related parties (1)	20,569,114.45	3,270,644.00
Loans to related parties		1,800,000.00
Loans to individuals (2)	16,231,685.45	11,214,855.69
Loans to corporations (3)	6,936,925.63	3,200,000.00
Deposit (Yuyao Huangjiapu Economy Devpt Zone)	2,000,000.00	
Other	9,885,561.48	7,811,567.03
Total	56,998,400,35	27,297,066.72

(1) : Repaid to the company as at 31 March 2008.
(2) : Maturity date : 30 November 2008.
(3) : Repaid to the company as at 31 March 2008.

4. ADVANCE TO SUPPLIERS

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Prepayment to suppliers	7,016,099.58	4,618,635.98
Other		
Total	7,016,099.58	4,618,635.98

Prepayment to suppliers allow the company to have better conditions for raw material purchases.

5. INVENTORIES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Raw Material	12,736,453.46	26,464,408.31
Finished Products	58,878.69	24,917,988.59
In-process Products	11,785,321.33	1,247,132.59
OEM Materials	86,070.70	25,055.20
Total	24,666,724,18	52,654,584,69

6. FIXED ASSETS

COST	Buildings	Production Equipments	Office Equipments	Vehicles	Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 31 , Dec 2005	**29,992,970.64**	**6,441,125.33**	**338,526.50**	**1,427,318.00**	**138,494,70**	**38,338,435.17**
Increase	9,014,764.01	3,585,770.00	818,280.00	2,059,197,52	829,230,00	16,307,241.53
Decrease				4,100.00		4,100.00
Balance as at 31 , Dec 2006	**39,007,734.65**	**10,026,895.33**	**1,156,806.50**	**3,482,415.52**	**967,724.70**	**54,641,576,70**
Increase	37,023,617.08	1,288,469.00	715,738.00	768,338.00	5,068,029.70	**44,864,191.78**
Decrease				238,891.52		238,891.52
Balance as at 31 , Dec 2007	**76,031,351.73**	**11,315,364.33**	**1,872,544.50**	**4,011,862.00**	**6,035,754.40**	**99,266,876.96**

Accumulated depreciation	Buildings RMB	Production Equipments RMB	Office Equipments 21.2.4.1.1.1 RMB	Vehicles 21.2.4.1.1.2 RMB	Other 21.2.4.1.1.3 RMB	Total 21.2.4.1.1.4 RMB
Balance as at 31 , Dec 2005	**805,127.38**	**1,716,155.47**	**127,041.58**	**301,995.79**	**37,138.56**	**2,987,458.78**
Increase	1,071,184.25	801,858.06	113,787.13	327,978.31	67,302.08	2,382,109.83
Decrease						
Balance as at 31 , Dec 2006	**1,876,311.63**	**2,518,013.53**	**240,828.71**	**629,974.10**	**104,440.64**	**5,369,568.61**
Increase	2,100,933.79	1,209,318.32	277,408.17	713,245.61	154,768.76	4,455,674.65
Decrease				49,171.85		49,171.85
Balance as at 31 , Dec 2007	**3,977,245.42**	**3,727,331.85**	**518,236.88**	**1,294,047.86**	**259,209.40**	**9,776,071.41**

7. SHORT TERM LOANS

	Financial years ended 31 December					
	2007 RMB			2006 RMB		
	Amount	Maturity	Modality of repayments	Amount	Maturity	Modality of repayments
United Rural Corporation Bank	9,238,465.87	2008.01.08 2008.06.30 2008.03.08	In cash	13,550,000	2007.03.20 2007.03.04 2007.01.20	In cash
Bank of China	51,063,445,20	2008.05.15 2008.05.11 2008.03.04	In cash	3,123,434.00	2007.02.10	In cash
China City Bank				2,500,000.00	2007.03.05	In cash
China Construction Bank	2,480,000.00	2008.03.16	In cash	35,398,144.00	2007.02.22 2007.03.28 2007.10.12 2007.01.10 2007.03.15 2007.08.14 2007.09.14 2007.03.15 2007.02.10	In cash
CEB Ningbo Branch	10,000,000.00	2008.01.10				
Total:	**72,781,911,07**			**54,571,578.00**		

8. NOTES PAYABLES

	Financial years ended 31 December			
	2007 RMB		2006 RMB	
	Amount	Maturity	Amount	Maturity
Notes payables	35,441,840,31	2008.03.28 2008.01.23 2008.01.25 2008.02.28 2008.04.30 2008.03.08 2008.06.26	19,380,000.00	2007.01.26 2007.06.06 2007.01.21 2007.05.22 2007.06.08

9. ADVANCE RECEIVED

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Advance from customers	7,510,156.60	8,590,158.97
Other		
Total	7,510,156.60	8,590,158.97

Orders for some clients are subject to the payment of an advance of 10 % to 30 % of the total order amount

10. TAX PAYABLES

	Financial years ended 31 December	
	2007	**2006**
	RMB	**RMB**
Corporate Income Tax	8,630,034,31	2,141,324.18
VAT	3,198,910,75	(704,772.68)
Estate Tax	448,960,56	184,403.38
Urban Construction & Maintenance Tax	1,561.44	267.41
Turnover Tax	67,102.24	
Total	12,346,569.30	1,621,222.69

11. OTHER LEVIES PAYABLES

	Financial years ended 31 December	
	2007	**2006**
	RMB	**RMB**
Education Surtax	50,635.96	
Construction Fund for Water Resources	50,043.92	23,145.86
Security Fund for the disabled	672.00	672.00
Fund for Agri-Development	32,851.33	124.762,66
Total	134,203.21	148,580.52

12. OTHER ACCOUNTS PAYABLES

	Financial years ended 31 December	
	2007	**2006**
	RMB	**RMB**
Due to corporation (1)	19,720,058.00	12,547,269.87
Due to shareholders	315,875.16	
Due to individuals	1,500,000.00	1,500,000.00
Other	783.127,42	59,435.60
Total	22,319,060,58	14,106,705.47

(1) : The company repaid an amount of 13,500,000 rmb during January 2008.

13. PAID UP CAPITAL

The registered capital is 6,180,000.00 divided in 61 800 shares, with the share price at 100 rmb per share.

The company didn't adopt any share option scheme.

Shareholders	Dec 31, 2006	Increase	Decrease RMB	Dec 31, 2007
Wang Huajun	*5,102,800.00*		5,102,800.00	
Shao Chunsheng	*1,077,200.00*		1,077,200.00	
King Fair Holdings Ldt		6,180,000.00		6,180,000.00
Total	*6,180,000.00*	6,180,000.00	6,180,000.00	6,180,000.00

(II) INCOME STATEMENT

2. SALES OF MAIN OPERATIONS

Revenue represents invoiced amount of delivered goods net of discounts, returns and value added tax.

	Financial years ended 31 December			
	2007 RMB		2006 RMB	
	Domestic	Export*	Domestic	Export
Major business	8,905,837.11	206,100,735.32	23,004,814.48	141,991,507.64

** Most in Europe and in USA (70 %); Foreign transactions are mainly contracted in us $*

2. COST OF MAIN OPERATION

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Raw Materials	118,782,785	102,952,255
Other materials	3,908,862	3,512,823
Wages	21,695,851	11,150,532
Subcontractors	1,977,252	2,796,536
Depreciation	2,082,449	1,442,885
Taxes	11,170,035	6,308,136
Other	3,775,222	3,872,889
Total	163,392,456	132,035,456

3. SELLING EXPENSES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Freight and packaging cost	7,646,090.55	5,365,984.79
Commission	869,070.14	147,680.28
Samples Expenses	527,703.97	80,246.52
Exhibition Expenses	316,441.04	1,599,606.50
Express mail charges	283,332.33	172,317.21
Travel Expenses	210,808.87	81,034.80
Other	571,958.94	264,124.62
Total	10,425,405.84	7,710,994.72

4. GENERAL & ADMINISTRATIVE EXPENSES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Wages	4,002,833.19	2,201,802,33
Depreciation	2,373,496.45	939,225.51
Provision for bad debts	1,749,704.66	1.302,520.45
Public Relationship fees	708,423.65	898,842.61
Taxes	560,178.16	267,184.14
Pensions	510,611.36	358,474.09
Administrative Expenses	457,865.85	649,464.47
Office Maintenance Expenses	264,159.95	215,871.07
Business Travel Expenses	221,426.19	310,851.04
Fuel	221,352.64	130,427.46
Training Expenses	204,439.00	53,127.00
Insurance Premium	182,382.77	152,706.68
Post and Telecommunications	170,932.52	143,880.82
Benefits & Welfare	123,349.21	310,212.75
Contributions to Workers Union	100,000.00	100,000.00
Repair &Maintenance Expenses	97,662.59	72,485.35
Vocational Injury Expenditure	95,551.00	75,724.30

Unemployment Insurance Premium	50,935.00	44,132.50
Medical Insurance Premium	44,699.92	15,117.40
Other expenses	1,171,952.86	722,452.33
Total	13,311,956.97	8,964,502.30

5. FINANCIAL EXPENSES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Net payment of interest	2,841,444.95	1,833,138.66
Settlement Commission charges	476,351.00	281,586.00
Exchange loss/gains	1,131,729.20	785,729.97
Interest of export/import bills	234,457.01	146,294.91
Other	74,700.97	27,872.00
Total	4,758,683.13	3,074,621.54

6. INCOME FROM OTHER OPERATIONS

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Raw Material Sales	26,134,266,14	
Cost of sales	25,271,719.19	
Other		252,664,22
Total	862,546.95	252,664,22

7. NON OPERATING INCOME

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Educational Surtax Refund	367,056.00	
Government subsidies & prizes	213,248.00	21,000.00
Participation in customers exhibition		220,000.00
Other	11,740.33	
Total	592,044.33	241,000.00

8. NON OPERATING EXPENSES

	Financial years ended 31 December	
	2007	2006
	RMB	RMB
Unordinary Losses	111,932.40	9,817.83
Expenses on Additional Tax Payment	12,139,04	
Donation	376,000.00	362,663.22
Compensation for external claims		2,293,628.78
Net loss on disposing fixed assets		3,061,28
Total	500,071.44	2,669,171.11

V. EMPLOYEES

The average number of the company's employees during the last two fiscal years is was followed :

	Financial years ended 31 December	
	2007	2006
Senior Management	6	5
Middle Management	16	15
Administration staff	94	61
Financial staff	6	5
Sales staff	18	14
R&D staff	25	20
Production Principal	15	15
Employees	879	825
Total	1 059	960

VI. GUARANTEE AGREEMENTS

Company provided the surety to loans valuing at 48.7 million rmb made to seven companies and persons and hasn't be released from the surety ship at as December 31, 2007.

As at April 2008, the surety to loans total amount is 33 million rmb.

Lender	Scope of Guarantee	Guarantee Period	Note
Yuyao Sub-branch of Ningbo Branch of China Citic Bank	RMB 10 million	June 6, 2006 to June 6, 2009	
Yuyao Sub-branch of Ningbo Branch of Shanghai Pudong Development Bank	RMB 8 million	June 22, 2006 to June 22, 2008	
Yangming Branch of Bank of Ningbo	RMB 5,050,000	December 15, 2006 To December 03, 2008	Terminated
Ningbo Yuyao Rural Cooperative Bank	RMB 250,000	March 20, 2007 to March 20, 2008	Fulfilled
Ningbo Yuyao Rural Cooperative Bank	RMB 1,000,000	April 10, 2007 to April 10, 2008	Fulfilled
Ningbo Yuyao Rural Cooperative Bank	RMB 1,000,000	June 18, 2007 to June 18, 2008	Terminated
Ningbo Yuyao Rural Cooperative Bank	RMB 1,000,000	June 30, 2007 to June 30, 2008	Terminated
Yangming Branch of Bank of Ningbo	RMB 7,400,000	July 15, 2007 To December 25, 2007	Fulfilled
Ningbo Branch of Industrial Bank Co., Ltd.	RMB 15 million	July 31, 2007 to July 31, 2008	
	RMB 48,700,000		

VI. MORTGAGE AGREEMENTS

Pledged Assets	Area	Original Book Value (RMB)	Collateral Value	Mortgagee
House Property	6482.09㎡	8.54 million	4.27 million	Yuyao Branch of Bank of China
House Property	4099.98㎡	5.40 million	2.70 million	Yuyao Branch of Bank of China
House Property	4389.57㎡	5.82 million	2.91 million	Yuyao Branch of Bank of China
House Property	7905.92㎡	10.44 million	5.22 million	Yuyao Branch of Bank of China
Land Use Right	26791.9㎡	24.12 million	14.46 million	Yuyao Branch of Bank of China
Land Use Right	11484.6㎡	10.33 million	6.19 million	Yuyao Branch of Bank of China
TOTAL		64.65 million	35.75 million	

VIII. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The staff of directors meets periodically to analyze and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and market prices. Generally, the company employs a conservative strategy regarding its risk management : The company has not used any derivative or other instruments for hedging purposes. The company does not hold or issue derivative financial instruments for trading purposes.

As at 31 December 2007, the company's financial instruments mainly consist of cash equivalents, receivables and payables.

IX. POST BALANCE SHEET EVENTS

The company had no significant post balance events.

21.3 Date of last Financial Information

December 31st 2007.

21.4 Intermediaries Financial Information

Non applicable.

21.5 Dividend pay-out policy

21.5.1 Dividend paid in the last three years

None.

21.5.2 Dividend pay-out policy

GREAT LEISURE SA intends to pay a dividend corresponding to 50% of its net profit, being understood that its Chinese operating subsidiary intends to pay a dividend corresponding to 50% of its net profit in the limit of investments needs.

21.6 Legal and arbitration procedures

None

21.7 Significant changes in the financial or commercial position

None

22 SUPPLEMENTARY INFORMATION

As of the registration of the Offering Circular, the Company is Société anonyme *regulated by Luxembourg law and regulations in force, as well as by the Company's by-laws.*

22.1 SHARE CAPITAL

22.1.1 Amount of share capital

The share capital is composed of 852.650 shares of 1€ each, corresponding to a total amount of 852.650 euros before capital increase.

22.1.2 Equity not representing capital

Nihil.

22.1.3 Potential capital

Nihil.

22.1.4 Authorised capital

By-laws of the Company, article 5: the authorized capital is fixed at twelve million euro (EUR 12.000.000.-).The board of directors is authorized, during a period of five years ending on the 6 June 2013 to increase in one or several times the subscribed capital, within the limits of the authorized capital. Such increased amount of capital may be subscribed for and issued in the form of shares with or without an issue premium, to be paid-up in cash, by contribution in kind, by compensation with uncontested, current and immediately exercisable claims against the company, or even by incorporation of profits brought forward, of available reserves or issue premiums, or by conversion of bonds in shares as mentioned below.
The board of directors is especially authorized to proceed to such issues without reserving to the then existing shareholders a preferential right to subscribe to the shares to be issued.
The board of directors may delegate to any duly authorized director or officer of the company, or to any other duly authorized person, the duties of accepting subscriptions and receiving payment for shares representing part or all of such increased amounts of capital.
After each increase of the subscribed capital performed in the legally required form by the board of directors, the present article is, as a consequence, to be adjusted to this amendment.
Moreover, the board of directors is authorized to issue ordinary or convertible bonds, or bonds with warrants, in bearer or other form, in any denomination and payable in any currency or currencies. It is understood that any issue of convertible bonds or bonds with warrants can only be made under the legal provisions regarding the authorized capital, within the limits of the authorized capital as specified hereabove and specially under the provisions of art. 32-4 of the company law.
The board of directors shall fix the nature, price, rate of interest, conditions of issue and repayment and all other terms and conditions thereof.

22.1.5 Information concerning the share capital of any Group member subject to an option or a conditional or unconditional agreement stipulating that it should be subject to an option and details of said options (including the identity of persons to whom they relate)

To the knowledge of the Company, there is no purchase or sell option or other commitments in favour of the shareholders of the Company or given by them related to the shares of the Company.

22.1.6 Changes in share capital

The table below highlights changes in the Company share capital since the incorporation.

Dates	Transaction	Capital increase	Nominal value	Premium	Number of shares issued	Total number of shares	Capital post transaction
05/06/2008	Incorporation		10 €		30 000	30 000	300 000 €
22/07/2008	Contribution in kind	552 650 €			55 256	85 265	852 650 €
22/07/2008	Pair change		1 €		822 650	852 650	852 650 €

GREAT LEISURE GROUP SA is a new company established for the purpose of the listing on Alternext. Its sole asset is 100% of KINGFAIR Holding Ltd (SAMOA), the holding vehicle controlling 100% of the operating company in China, NINGBO GREAT LEISURE PRODUCTS Co., Ltd.
Since its incorporation the sole operation on GREAT LEISURE GROUP capital is the capital increase due to the contribution of 100% of the shares of Kingfair Holding Ltd (SAMOA) by Super Star enterprises Ltd to GREAT LEISURE GROUP SA.

Shareholders as of July 22, 2008 :

	Shares number	% of capital and voting rights
Super Star Enterprises Limited	813 650	95,4%
Channel Best Enterprise Limited	39 000	4,6%

For a presentation of the shareholders see section 19.2.

22.2 BY-LAWS

22.2.1 Company Object (art 3 of the by-laws)

The purpose of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, control and development of its portfolio.
The Company may further guarantee, grant loans or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same group of companies as the Company.
The Company may carry out any commercial, industrial or financial activities which it may deem useful in accomplishment of these purposes.

22.2.2 Form of the shares (article 6 of the by-laws)

The shares of the Company may be in registered form or in bearer form or partly in one form or the other form, at the option of the shareholders subject to the restrictions foreseen by Law.
A register of registered shares will be kept at the registered office, where it will be available for inspection by any shareholder. This register will contain all the information required by article 39 of the Law. Ownership of registered shares will be established by inscription in the said register. Certificates of these inscriptions shall be issued and signed by two directors or, if the Company as only one director, by this director.
The Company may issue certificates representing bearer shares. The bearer shares will bear the requirements provided for by article 41 of the Law and will be signed by two directors or, if the Company as only one director, by this director.
The signature may either be manual, in facsimile or affixed by mean of a stamp. However, one of the signature may be affixed by a person delegated for that purpose by the board of directors. In such a case, the signature must be manual. A certified copy of the deed delegating power for this purpose to a person who is not a member of the board of directors, must be filed in accordance with §§ 1 and two of the Law.
The Company will recognize only one holder per share; in case a share is held by more than one person, the persons claiming ownership of the share will have to name a unique proxy to present the share in relation to the Company. The Company has the right to suspend the exercise of all rights attached to that share until one person has been appointed as the sole owner in relation to the Company.

22.2.3 Rights, privileges and restrictions attached to the Company's shares

22.2.3.1 Voting rights

Chaque action a un droit de vote.
En droit des sociétés luxembourgeois, le vote plural est interdit.
One voting right is attached to each share.
Under Luxembourg law governing corporate entities, multiple voting rights are prohibited.

22.2.3.2 Right to profits and payment of dividends

Article 72 of the law dated 10 August 1915 governing trading companies stipulates "Each year, the management draws up an inventory showing the company's investment and real assets and all outstanding debt and liabilities, with an appendix summarizing all its undertakings, its management's, director's and agent's debts. The management draws up the balance sheet and profit and loss account, in which the required amortizations must be booked. The balance sheet make separate reference to fixed assets and current assets and, under liabilities, the company's internal debts, bonds, mortgaged or pledged debts and non guaranteed debts. At least a twentieth of net profit is deducted

each year and allocated to a reserve; this deduction ceases to be compulsory when the reserve reaches one tenth of the share capital, but is resumed if this amount becomes less than one tenth.
One month prior to the shareholders' ordinary annual meeting, the management provides these documents and a report on the Company's operations to the statutory auditors, who must draw up a report containing their proposals."
Article 72-1 of the above-mentioned law stipulates: "except in the event of a decrease of the issued share capital, no distribution may be made to the shareholders when, on the date of closing of the last financial year, net equity as shown in the annual accounts is, or would, as a result, be less than the issued share capital, plus reserves which are non distributable according to law or the articles of association. […] The amount of any distribution made to the shareholders may not exceed the amount of net income for the last financial year, plus retained profits and amounts withdrawn from reserves available for such purpose and less any retained losses and amounts to be allocated to reserves in compliance with the law or the articles of association. […]"
Article 72-2 of the above-mentioned law stipulates: "No interim payment of dividends may take place unless the Board of Directors is authorised to do so by the articles of association. Such payment is moreover subject to certain conditions. […] Where interim payments exceed the amount subsequently fixed for the dividend by the shareholders, they will, in such case, be considered as payments to be deducted from the following dividend."

22.2.3.3 Lapsing of dividends

Article 157 of the above-mentioned law stipulates: "Any action for restitution of unduly distributed dividends […] shall be limited to a period of five years as from the date of distribution […]."

22.2.3.4 Right to liquidation surplus

Article 148 of the above-mentioned law stipulates: "after payment or deposit of amounts required for paying off debts, any amounts or assets which can be equally allocated shall be distributed to the members by the liquidators; they will also remit to them the property which should have been maintained in order to be shared out […]."

22.2.3.5 Preferential subscription right

All the Company's shares give entitlement to preferential subscription rights for share capital increases.
Article 32-3 (1) of the law governing trading companies stipulates: "shares to be paid up in cash must be preferentially offered to shareholders in proportion to the percentage of capital which their shares represent. […]; the subscription right may be exercised for a period fixed by the Board of Directors, which may not however be less than thirty days from the opening date of the subscription period, and announced in a public notice fixing the subscription period published in the *Memorial*[1] and in two Luxembourg newspapers. However, when all shares are nominative, the shareholders may be informed by registered mail. […] The articles of association may neither withdraw nor limit preferential rights. They may however authorise the Board of Directors to withdraw or limit such rights in the event a share capital increase is carried out within the limits of the authorised share capital. The duration of such authorisation may not exceed the provisions of Article 32 (5), i.e. 5 years from the date of publication or modification of the articles of association. The shareholders' meeting called to rule, as required for decisions regarding the amendment of the articles of association, on a share capital increase or on approval of a share capital increase, may limit or withdraw the preferential subscription rights or authorise the Board of Directors to do so. Such resolution must be clearly indicated in the convening notice. Details justifying such decision must be set forth in a report drawn up by the Board of Directors, regarding in particular the proposed issuing price, and presented to the shareholders. […]"

22.2.3.6 Restriction of voting rights

Voting rights attached to the shares may not be restricted by any clause in the articles of association.

[1] Legal gazette in Luxembourg

22.2.3.7 Identifiable bearer shares

Non applicable.
Article 41 of the law governing trading companies stipulates: "The bearer share is signed by two Directors. Unless otherwise provided for in the articles of association, these two signatures or one of them must be either written, printed or affixed by way of a signature stamp. […]
The share indicates:
-the date of the Company's articles of association and of publication thereof;
-the amount of the share capital, the number and type of shares in each class, and the nominal value of the shares or percentage of share capital they represent;
-a summary of contributions and terms and conditions under which they are made;
-special benefits granted to founding partners;
-term of the Company;
-the date, time and place in which the annual shareholders' meeting is held."

22.2.3.8 Redemption by the Company of its own shares

The Company may, under the conditions provided for by the law dated 10 August 1915 governing trading companies, as amended (the "Law"), redeem its own shares.
In application of Article 49-2 of the above-mentioned law: "the company may only purchase its own shares, either in its own name or in the name of a party acting on its behalf under the following conditions:
1. the shareholders authorise the acquisition and fix the terms and conditions thereof, in particular the maximum number of shares to be purchased, the period for which the authorisation is granted, which may not exceed eighteen months, and in the case of acquisition against payment, the minimum and maximum value;
2. the nominal value or, if no nominal value, the accounting par value of the shares purchased, including those shares which the company may have purchased previously and which its holds in its portfolio as well as the shares purchased by a party acting in its own name but on behalf of the company, may not exceed 10% of the issued share capital;
3. the acquisition must not result in net equity decreasing to less than the issued share capital, plus reserves which are non distributable according to law or the articles of association;
4. only fully paid-up shares may be purchased.

The Board of Directors must ensure that, at the time of each authorised acquisition, the conditions indicated in paragraphs 2, 3 and 4 above are complied with.
Where the acquisition of its own shares is necessary for the company to avoid serious and imminent damage, the condition in paragraph 1 above does not apply. In such case, the following shareholders' meeting must be informed, by the Board of Directors, of the reasons and the purpose of the acquisitions carried out […].
Likewise, the condition in paragraph 1 above does not apply where the shares purchased, either by the company itself, or by a party acting in its own name but on behalf of the company, are to be distributed to the personnel thereof. Such shares must be distributed within 12 months of the date of their acquisition."
Article 49-3 of the above-mentioned law provides for a series of exceptions to the foregoing.
"Shares purchased in breach of the provisions must be transferred within a period of one year from the acquisition thereof. Failing their transfer within this time limit, the shares must be cancelled.
In the event the purchase of the company's own shares is possible, such shares are held subject to the following conditions (Article 49-5 of the above-mentioned law):
a) among the rights attached to the shares, voting rights pertaining to the company's own shares are suspended;
b) if such shares are booked in the balance sheet as assets, a non distributable reserve shall be booked under liabilities for the same amount;
c) where a company purchases its own shares, the management report must indicate the reasons for which the acquisition was made, the number and nominal value or, if no nominal value, the accounting par value of the shares purchased and transferred during the financial year …"

22.2.4 Terms for modifying shareholders' rights

Article 67-1 (1) of the law governing trading companies stipulates: Unless otherwise provided for by the articles of association, the extraordinary shareholders' meeting, ruling as required hereunder (quorum of shareholders present: at least one half, and voting quorum: 2/3rds of the voting rights of the shareholders present or represented) may amend any of the provisions of the articles of association. However, any change of nationality of the company and extension of the shareholders' undertakings may only be decided with the unanimous approval of the shareholders and bondholders." Where several classes of shares exist and the shareholders' deliberations concern the modification of their respective rights, such deliberations must, in order to be valid, comply with the above-mentioned requirements for quorum and majority voting for each class of shares.

22.2.5 General Shareholders Meetings (articles 7 and 8 of the by-laws)

A – Reminder of the provision governing shareholders' meetings under Luxembourg law

Article 67 (2) of the law governing trading companies stipulates: "the articles of association fix the terms of deliberation of shareholders' meetings and the required formalities for admission. In the absence of any provisions, appointments are made and decisions are taken according to the rules for ordinary shareholders' meetings; the Minutes are signed by the Officers appointed for each meeting and by the shareholders who so wish […].
Article 67 (3) of the above-mentioned law stipulates: "Notwithstanding any provision to the contrary, and in compliance with the articles of association, all shareholders are entitled to vote themselves or by proxy."
Several types of shareholders' meetings exist with various attributions:
A) The annual general shareholders' meeting is held each year and plays and important role in the company's corporate existence.
1) Convening of the annual general shareholders' meeting
As stipulated by Article 70 of the law governing trading companies: "At least one shareholders' meeting must be held each year in the place and at the time indicated in the articles of association."
2) Convening of other ordinary shareholders' meetings
The compulsory annual general meeting which is held at the date indicated in the articles of association may not necessarily be the only ordinary shareholders' meeting. Indeed, such meetings may be convened at any time.
3) Attributions of the annual general shareholders' meeting
3.1) Approval of the annual accounts: the annual general shareholders' meeting is required to approve the annual accounts prepared by management.
3.2) Amendment of a balance sheet for a previous year
3.3) Allocation of earnings: the annual general shareholders' meeting has sovereign power to decide on the distribution of profits.
3.4) Granting discharge to management.
B) Extraordinary general shareholders' meetings
The formalities for convening these meetings are the same as those used for ordinary shareholders meetings: the convening notice must indicate the agenda.
Extraordinary general shareholder's meetings take place, in principle, in the same way as ordinary shareholders' meetings. However, if a meeting is not held for lack of the required quorum, a second meeting shall be convened for which increased formalities are required.
1) time limits and form of the convening notices: they are made by inserting two announcements at an interval of at least eight days and at least eight days prior to the meeting, in the *Memorial*[2] and in a Luxembourg newspaper.
2) conditions for the quorum: whereas no quorum is required for an ordinary shareholders' meeting, there is a quorum for extraordinary shareholders' meetings, but only apply to the first meeting convened.
3) conditions for majority voting: in the two meetings, resolutions must be taken with a two thirds majority of the shareholders present or represented in order to be valid.

B – Provisions of the articles of association

[2] Legal gazette in Luxembourg

Art. 7 Any regularly constituted meeting of shareholders of the Company shall represent the entire body of shareholders of the Company. It shall have the broadest powers to order, carry out or ratify acts relating to the operations of the Company. In case the Company has only one shareholder, such shareholder exercises all the powers granted to the general meeting of shareholders.
The general meeting is convened by the board of directors. It may also be convoked by request of shareholders representing at least one tenth of the Company's share capital.
Art. 8 The annual general meeting of shareholders shall be held in Luxembourg at the registered office of the Company, or at such other place in Luxembourg as may be specified in the notice of meeting, on the third Thursday *of June at 5 p.m.*. If such day is a legal holiday, the annual general meeting shall be held on the next following business day.
Other meetings of shareholders may be held at such place and time as may be specified in the respective notices of meeting.
The quorum and time required by Law shall govern the notice for and conduct of the meetings of shareholders of the Company, unless otherwise provided herein.
Each share is entitled to one vote. A shareholder may act at any meeting of shareholders by appointing another person as his proxy in writing, cable, telegram, telex or facsimile.
Except as otherwise required by Law, resolutions at a meeting of shareholders duly convened will be passed by a simple majority of those present or represented.
The board of directors may determine all other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders.
If all of the shareholders are present or represented at a meeting of shareholders, and if they state that they have been informed of the agenda of the meeting the meeting may be held without prior notice or publication.
Decision taken in a general meeting of shareholders must be recorded in minutes signed by the members of the board (*bureau*) and by the shareholders requesting to sign. In case of a sole shareholder, these decisions are recorded in minutes.
All shareholders may participate to a general meeting of shareholders by way of videoconference or by any other similar means of communication allowing their identification. These means of communication must comply with technical characteristics guaranteeing the effective participation to the meeting, which deliberation must be broadcasted uninterruptedly. The participation in a meeting by these means is equivalent to a participation in person at such meeting.

22.2.6 Statutory provisions affecting the occurrence of a change in control

As far as the Company is aware, there is no provision in the By-laws that can delay or prevent the Company undergoing a change in control.

22.2.7 Breach of equity investment thresholds

Luxembourg law governing trading companies does not make any provision to declare a breach of threshold.

The Company's articles of association do not make any provision to declare a breach of threshold, except as specified in Article 22.2.8 hereafter.

Lastly, the Alternext market regulations stipulate, in Article 4.3, that the Issuer must render public "any breach either up or down, by any person acting individually or with other parties, of equity investment thresholds representing 50% or 95% of the share capital or voting rights, within a period of 5 trading days following the date on which it became aware of such."

22.2.8 Acquisition of a majority interest in share capital or voting rights: Guaranteed market value

In the event a natural person or legal entity, acting jointly or on their own behalf, being hereby specified that in the case of several persons or entities acting jointly with the Initiator, they shall be jointly and severally liable for the obligations to which the Initiator is subject under the present article), purchases or agrees to purchase, directly or through one or more companies controlled by the Initiator, or which it may control in future, a block of shares which, in view of the shares or voting rights already held by it, gives it a majority interest in the share capital or voting rights of the Company, the

Initiator shall propose to the other shareholders to purchase the entirety of the shares held by them on the date the above-mentioned majority interest is acquired. Such bid shall be final and irrevocable and may not be subject to any share minima or any other condition precedent whatsoever. Notice of the bid shall be published in a legal gazette and in a national daily economic and financial newspaper and shall notably indicate the identity of the Initiator and, if applicable, of the persons or entities acting jointly with it, as well as the percentage held in the share capital and voting rights of the Company by the Initiator and, if applicable, the persons or entities acting jointly with it, the price offered per share, the name and address of the stock broking agent, a timetable of operations indicating the opening and closing dates of the bid (which shall not be more than ten (10) market days apart) and the date of delivery versus payment.

The price at which the Initiator shall submit its bid to the market shall be the price at which the sale of the block was or is to be carried out, and solely at such market value or price.

All holders of securities giving entitlement to shares who wish to benefit from the terms of the bid shall, if the terms and conditions of the securities they hold provide for such, as from the date of publication of the above-mentioned notice in a legal gazette and until five market days prior to the closing of the above-mentioned bid, exercise, subscribe for or convert the entirety of the securities giving entitlement to shares of the Company they then hold so as to become owners of shares and to be in a position to participate in the bid. In the event such securities are not exercisable or convertible during the bidding period, the Initiator shall extend the bidding period in order to allow those concerned to propose their shares to it, on the same conditions as the initial bid, on the date on which they are able to exercise or convert the securities they hold.

The Initiator shall immediately reply to all information requests it may receive from the Company in respect of the stipulations of the present article.

23 SIGNIFICANT CONTRACTS

Nihil. All the major contracts of the Company and its subsidiaries are linked to current business.

24 INFORMATION FROM THIRD PARTIES, DECLARATIONS FILED BY EXPERTS AND DECLARATIONS OF INTEREST

On July 22, 2008 Super Star Enterprises Ltd contributed its 100% of the capital of Kingfair Holdings (SAMOA) to GREAT LEISURE GROUP SA, 100% shareholder of Ningbo Great Leisure Products Co., Ltd.
The Report issued by the auditor is as follows:

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Réviseurs d'entreprises

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POLARIS INTERNATIONAL

1. DESCRIPTION OF THE ENGAGEMENT

In accordance with Article 26-1 and Article 32-1 (5) of the law of August 10, 1915 on commercial companies, as amended, we have been appointed by the Board of Directors of GREAT LEISURE GROUP S.A. (hereinafter referred to as the "Company") to issue a report on its capital increase by a contribution in kind represented by 100% of the share capital (1.000.000 shares) of KINGFAIR HOLDINGS LTD (SAMOA) valued at EUR 552.650. In consideration of such contribution in kind, the capital will be increased by the issuing of 55.265 new shares of EUR 10 each.

As required by law this report refers to a description of the proposed contribution in kind as well as of the method of valuation adopted and indicates if the value which results from the application of this method corresponds at least in number and nominal value to the shares, and if the case arises, to the amount of any premium payable on these shares. The description and the valuation of the contribution are the responsibility of the Board of Directors. The scope of our report is not to opine on the existence, ownership and transferability of the projected contribution. The objective of this report is not to give an opinion on the legitimate and equitable nature of the transaction. As a result, our opinion does not represent a fairness opinion.

This report has been prepared to comply with Article 26-1 and Article 32-1 (5) of the law of August 10, 1915 on commercial companies, as amended, and should not be used for any other purpose.

2. SUBSCRIPTION TO THE CAPITAL

The Company was incorporated in Luxembourg on June 5, 2008 as a Société Anonyme with a fully paid share capital of EUR 300.000 divided into 30.000 shares with a nominal value of EUR 10 each. The shares were subscribed as follows:

- Super Star Enterprises Limited, a company incorporated under the laws of Samoa and having its registered seat at Level 5, Development Bank of Samoa Building, Beach Road, Apia, Samoa	26.100 shares
- Channel Best Enterprises Limited, a company incorporated under the laws of the British Virgin Islands and having its registered seat at Simmonds Building, Wickhams 1, P.O. Box 961, Road Town, Tortola, BVI	3.900 shares
TOTAL	30.000 shares

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The Directors propose to increase the share capital of the company by EUR 552.650 in order to bring it from its present amount of EUR 300.000 to EUR 852.650 by the issuance of 55.265 new shares of a nominal value of EUR 10 each against the contribution in kind described hereafter.

The new shares will be entirely subscribed by Super Star Enterprises Limited and paid up by the contribution in kind described below.

The other shareholder has waived its preferential right to subscribe to the new shares.

3. DESCRIPTION OF THE CONTRIBUTION IN KIND

As mentioned above, the contribution consists of 1.000.000 shares representing 100% of the issued and fully paid-in share capital of KINGFAIR HOLDINGS LTD (SAMOA), incorporated on July 26, 2007 with registered number 33668, Level 2, Nia Mall, Vaea Street, Apia, Samoa.

By an agreement signed on October 8, 2007, KINGFAIR HOLDINGS LTD became the owner of 100% shareholding in NINGBO GREAT LEISURE PRODUCTS Co., LTD, a Chinese company with registered office at Xihua Village, Huangjiabu Town, Yuyao City, for a consideration amounting to RMB 6.311.873.

The principal activities of NINGBO GREAT LEISURE PRODUCTS Co., LTD are the manufacturing and the selling of outdoor furniture.

4. VALUATION OF THE CONTRIBUTION IN KIND

The 100% shareholding in KINGFAIR HOLDINGS LTD. to be contributed are valued at EUR 552.650 being its net asset value as at December 31, 2007 determined on the basis of its audited financial statements issued on July 8, 2008. These financial statements have been prepared in US Dollars and converted into Euros using the exchange rate as at July 16, 2008.

5. PROCEDURES PERFORMED

We have conducted our procedures in accordance with the recommendations of the Institut des Réviseurs d'Entreprises. Our procedures consisted of those which we considered necessary to conclude that the contribution is clearly described and the basis for the valuation is appropriate in the circumstances.

Accordingly we have received the financial data and information permitting us to obtain a reasonable assurance that the value of the shares to be contributed is appropriate in the circumstances.

After the capital increase, GREAT LEISURE GROUP S.A. will prepare an offering circular in view of its quotation on the Alternext market (Euronext Paris).

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We have obtained the last draft of the offering circular as well as the audited accounts as at December 31, 2007 and a limited review performed as at May 31, 2008 of KINGFAIR HOLDINGS LTD and of NINGBO GREAT LEISURE PRODUCTS CO., LTD. We have also obtained a copy of the purchase agreement dated October 8, 2007, justifying the acquisition of the 100% interest in Ningbo Great Leisure Products Co., Ltd. We have reviewed these documents to conclude that the valuation adopted by the Board of Directors for the contribution of the 1.000.000 shares (100%) of KINGFAIR HOLDINGS LTD. (Samoa) is reasonable.

We have obtained the documents permitting us to verify that the shares to be contributed are the full property and at the free disposal of the contributors and that 100% of the shares of NINGBO GREAT LEISURE PRODUCTS CO., LTD (China) are the full property and at the free disposal of KINGFAIR HOLDINGS LTD. (Samoa).

The Directors have represented to us that no significant events have occurred which would render the contribution value inappropriate.

We therefore conclude that the valuation method is justified in the circumstances.

6. CONCLUSION

Based on the work performed and described above, nothing has come to our attention that causes us to believe that the value of the contribution in kind does not correspond at least in number and nominal value to 55.265 shares with a nominal value of EUR 10 each to be issued.

H.R.T. RÉVISION S.A.

Dominique RANSQUIN

Luxembourg, July 21, 2008

25 PUBLICLY AVAILABLE DOCUMENTS

Copies of this Offering Circular are available at no cost from the Company headquarters.

[Peuvent notamment être consultés :

(a) l'acte constitutif et les statuts de la Société ;

(b) tous rapports, courriers et autres documents, informations financières historiques, évaluations et déclarations établis par un expert à la demande de la Société, dont une partie est incluse ou visée dans le Offering Circular;

La Société entend communiquer ses résultats financiers conformément aux exigences des lois et réglementations en vigueur.]

26 INFORMATION ON EQUITY INTERESTS

See section 8

27 OTHER INFORMATION

Nihil.