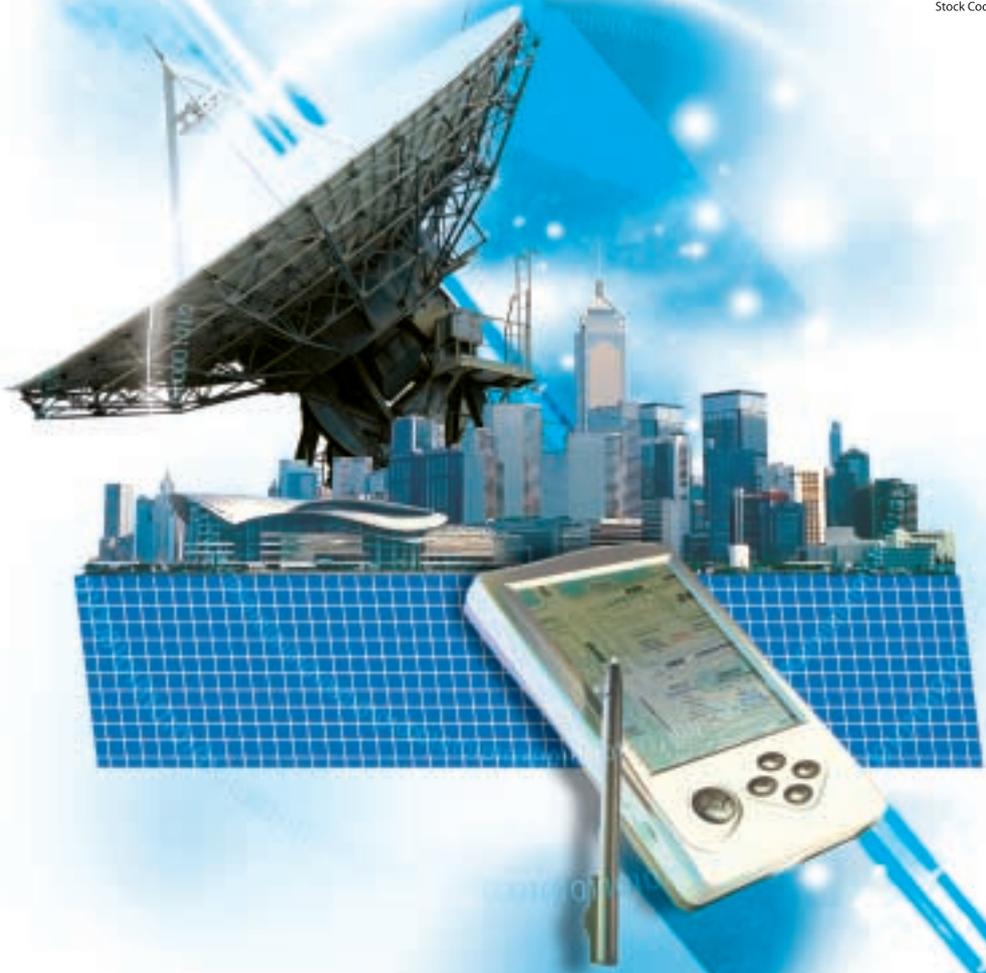




Satellite Devices Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8172



First Quarterly Report
2006

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

First Quarter Results (UNAUDITED)

The Board of Directors ("Board") of Satellite Devices Corporation (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 30 June 2006, together with the comparative unaudited figures for the corresponding period in 2005 (the "Relevant Periods") as follows:

		Three months ended 30 June	
	Note	2006 HK\$'000	2005 HK\$'000
Revenue	2	185	239
Cost of location-based technology devices and application		—	(34)
		<u>185</u>	<u>205</u>
Other income	2	54	1
Staff costs		(415)	(686)
Depreciation		—	(2,938)
Other operating expenses		(606)	(450)
		<u>(782)</u>	<u>(3,868)</u>
Loss before taxation		(782)	(3,868)
Taxation	3	—	—
		<u>(782)</u>	<u>(3,868)</u>
Loss attributable to shareholders		<u>(782)</u>	<u>(3,868)</u>
Interim dividend per share (cents)		<u>Nil</u>	<u>Nil</u>
Loss per share			
– basic (cents)	4	<u>(0.64) cents</u>	<u>(3.27) cents</u>

Notes:

1. Basis of presentation

The accounts have been prepared under the historical cost convention with accounting principal generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The adoption of new and revised HKFRSs has had no material impact on the Group's accounting policies and the methods of computation, presentation and disclosure in the Group's consolidated financial statements.

2. Turnover and revenue

The Group is principally engaged in the design, development and sales of location-based technology devices and applications. Revenue, which is also the Group's turnover, represents net invoiced value of goods sold, less discount and returns and value of services rendered.

	Three months ended	
	30 Jun	
	2006 HK\$'000	2005 HK\$'000
Turnover	185	239
Other income		
Sundry income	54	1
Total revenues	<u>239</u>	<u>240</u>

No activity analysis and geographical analysis are presented as substantially all the Group's turnover and contribution to results were derived from the design, development and sales of location-based technology devices and applications in Hong Kong.

3. Taxation

No provision for Hong Kong profit tax has been made as the Group had no assessable profit for the period.

No provision for overseas taxation has been made for the period as the subsidiaries operating in the PRC had no assessable income for PRC taxation purpose.

No deferred tax asset has been recognized in respect of the remaining tax losses due to the unpredictability of future profit streams. The unrecognized tax losses may be carried forward indefinitely.

4. Loss per share

The calculation of basic loss per share for the three months ended 30 June 2006 is based on the Group's loss attributable to the shareholders of approximately HK\$782,000 (2005: HK\$3,868,000), and the weighted average number of 122,367,968 ordinary shares (2005: 118,183,200 ordinary shares) in issue during the period.

Diluted loss per shares is not present because there was no dilutive potential ordinary share outstanding during the Relevant Period.

5. Reserves

Other than the increase in the accumulated loss of HK\$782,000 (2005: HK\$3,868,000) for the three months ended 30 June 2006, there was no other movement to and from reserves during the Relevant Periods.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2006 (2005: HK\$ nil).

POST BALANCE SHEET EVENTS

On 25 July 2006, the open offer of 395,101,116 shares of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation (the "Offer Shares") to the Qualifying Shareholders (as defined in the Circular dated 27 March 2006) for subscription on the basis of three Offer Shares for every one share of HK\$0.01 at a price of HK\$0.065 per Offer Share was completed; and

On 10 October 2005 and 24 November 2005, the Company entered into a sale and purchase agreement and supplemental agreement respectively, with Chung Chiu Limited, a company incorporated in the British Virgin Islands with its principle office in Hong Kong ("the Vendor") for the acquisition of the entire issued share capital of Hip Kin Retailing Limited, a company incorporated in Hong Kong at the consideration of HK\$80 million was completed on 31 July 2006.

BUSINESS OVERVIEW AND PROSPECTS

Business Overview

During the period under review, the company was principally engaged in the design, research, development and sale of location-based technology devices and applications in Hong Kong and PRC.

For the three months ended 30 June 2006, the Company reported an unaudited turnover of approximately HK\$185,000, representing a decrease by 23% as compared to previous period as the market continues to be very competitive.

The staff costs for the three months ended 30 June 2006 has been reduced approximately by 40% as compared to previous period as a result of the reduction of director fees. The preparation of circular and the related printing costs pushed up the operating costs by 35% for the three months ended 30 June 2006 as compared to the previous period. The Company continues to adopt stringent cost control and maintain the thin and effective overhead structure.

Future Prospects

On 22 June 2006, the Company announced the order for Capital Reorganization had been granted by the Grand Court of Cayman Islands on 16 June 2006.

On 25 November 2005, the Board announced its intention to raise approximately HK\$23.73 million (net of expenses of approximately HK\$1.95 million) by issuing 395,101,116 Offer Shares at a price of HK\$0.065 per Offer Share by way of the Open Offer, payable in full on application, on the basis of three Offer Shares for every New Share held on the Record Date. The Open Offer was successfully completed on 25 July 2006.

The acquisition of Hip Kin Retailing Limited (“HKR”) was completed on 31 July 2006. The Acquisition has significantly improved the financial position of the Group. Given the profit track records of HKR and a profit guarantee by the previous shareholder of HKR for an amount of no less than HK\$10 million profit before tax for the year ended 30 March 2006, the Board is confident that HKR will improve the Group’s financial liquidity and profitability substantially going forward.

The Board will continue to work with the existing management of HKR to expand the current distribution business of two luxury European brands, namely Anya Hindmarch and Paule Ka, as well as look for new brands for licensing and/or distribution in Hong Kong, Taiwan and mainland China. The Group’s criteria for brand selection will not only be limited to luxury brands but also casual wear brand, but HKR’s core competencies will continue to be selecting up-and-coming brands that represent individualism, character and style.

The Company also proposed to change its name to “Golife Concepts Holdings Limited” to reflect the Group’s new business, which is focused on lifestyle apparel distribution and licensing business.

DIRECTORS’ INTEREST IN SHARES AND OPTIONS

As at 30 June 2006, the interest, deemed interest, long position, short position of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”) as recorded in register required to be kept under the Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the “Model Code”) in the Listing Rules were as follows:

As at 30 June 2006, none of the directors, chief executive of the Company or their respective associates had any interest or short positions in shares, underlying shares or debentures of the company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company or the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Listing rules relating to Securities Transactions by Directors to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this document pursuant to the requirement of the Takeovers Code.

Share options

The Company adopted a Share Option Scheme (the “Scheme”) on 6 March 2002 for the purpose of providing incentives or rewards to eligible participants for their contributions to the Group. Under the terms of the Scheme, the board of directors of the Company (the “Board”) may, at their discretion, invite any employees, directors of the Company and/ or any of its subsidiaries, any adviser or consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoter and service providers to the Group to subscribe for ordinary shares of HK\$0.01 each in the Company. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 30% of the issued share capital of the Company. Upon acceptance of the option, the grantee must pay HK\$1.00 to the Company by way of the consideration for the grant.

As at 30 June 2006, no option has been granted or agreed to be granted by the Company under the Scheme.

Saved as disclosed above, none of the directors or their spouses or children under 18 years of age had any right to subscribe for the shares of the Company, or had exercised any right during the period.

Saved as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than interest disclosed in “Directors’ and chief executive’s Interest and Short Positions in Shares and Underlying Shares”, the following shareholders had notified the Company of their relevant interests or deemed interests in the issued capital of the Company:

Name	Nature of interest	Number of New Shares interested or deemed to be interest <i>(note 7)</i>	Approximate percentage of the issued share of capital of the Company
Kingston Securities Limited <i>(note 1)</i>	Beneficial owner	395,101,116	75.00% <i>(note 6)</i>
Arcon Solutions (BVI) Limited <i>(note 2)</i>	Beneficial owner	58,408,800	44.35% <i>(note 5)</i>
Kingston Finance Limited <i>(note 2)</i>	Securities interest in share	58,408,800	44.35% <i>(note 5)</i>
FUNG Chan Man Alex <i>(note 3)</i>	Beneficial owner	85,000,000	16.14% <i>(note 6)</i>

Name	Nature of interest	Number of New Shares interested or deemed to be interest <i>(note 7)</i>	Approximate percentage of the issued share of capital of the Company
LAI Chun Kong <i>(note 3)</i>	Beneficial owner	85,000,000	16.14% <i>(note 6)</i>
Everlasting Bright Investments Limited <i>(note 3)</i>	Beneficial owner	68,000,000	12.91% <i>(note 6)</i>
Executive Talent Limited <i>(note 4)</i>	Beneficial owner	13,517,172	10.26% <i>(note 5)</i>
Far East International Technology Limited	Beneficial owner	20,373,600	15.47% <i>(note 5)</i>

Notes:

- Kingston Securities Limited has conditionally agreed to underwrite 395,101,116 offer Shares pursuant to the Underwriting Agreement in the open offer. As per notice made pursuant S. 324 Part XV of the SFO (Notice) received by the Company, Chu Yuet Wah and Ms. Ma Siu Fong each is deemed to be interest in the 395,101,116 Offer Shares underwritten by Kingston Securities Limited.
- The 58,408,800 New Shares are held by Arcon Solutions (BVI) Limited, a company wholly owned by Arcon Corporation. Accordingly, Arcontech Corporation is deemed to be interested in the 58,408,800 New Shares. Arcon Solutions (BVI) Limited had granted a securities interest over the 58,408,800 New Shares as securities of Kingston Finance Limited.
- Each of Fung Chan Man Alex, Lai Chun Kong and Everlasting Bright Investments Ltd. has entered into sub-underwriting agreement with Kingston Securities Limited to sub-writer 85,000,000, 85,000,000 and 68,000,000 Offer Shares respectively. As per the Notice received, Lau Chun Fat George is deemed to be interest in 68,000,000 offer Shares in the open offer as a result of him being beneficial interested in the entire share capital of Everlasting Bright Investments Ltd.
- The 13,517,172 New Shares are held by Executive Talent Limited, a company wholly-owned by Wu Ling Yee. Accordingly Wu Ling Yee is deemed to be interest in the 13,517,172 New Shares.
- The percentage holding is calculated based on total issued share capital of 131,700,372 New Shares as at 30 June 2006.
- The percentage holding is calculated based on the number of shares interested or deemed to be interested over 526,801,488 New Shares of the Company, being the enlarged issued share capital of the Company assuming the Open Offer has completed as at 30 June 2006.
- The New Shares represent shares of HK\$0.01 each in the share capital of the Company upon the Capital Re-organization becoming effective on 22 June 2006.

COMPETING INTEREST

None of the Directors, initial management shareholders and their respective associates of the Company has interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 30 June 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee has three members comprising Messrs. Lum Pak Sum, Sum Chun Ho and Wan Kwok Pan. Lum Pak Sum has been appointed chairman of the audit committee. The terms of reference of the audit committee have been established with regard to rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are (i) to review the Company's annual reports and accounts, half-yearly and quarterly reports, (ii) to provide advice and comments thereon to the Board, and (iii) to review and supervise the financial reporting process and internal control procedures of the Group. At the meeting, the committee focused on examining and approving the quarterly results for the three months ended 30 June 2006.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

For the period under review, the Company has adopted a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing rules. Having made specific enquires of all the Directors, the Directors have complied with required standard of dealings and code of conduct regarding directors' securities transactions for the period under review.

CODE OF BOARD PRACTICE

The Directors are of the opinion that the Company has complied with the Code of Best Practice as set out in Rules 5.35 and 5.45 of the GEM Listing rules since the Company's listing on GEM in 2002.

By Order of the Board

Leung Tak Wah

Executive Director

Hong Kong, 11 August 2006

As at the date of this report, the board of directors of the Company comprises three executive directors, namely Messrs Lo Mun Lam Raymond, Leung Tak Wah, and Yu Wai Yin Vicky and three independent non-executive directors, namely Messrs. Lum Pak Sum, Sum Chun Ho and Wan Kwok Pan.