



GoLife Concepts
Holdings Limited *Formerly known as Satellite Devices Corporation*

Stock code : 8172

2007 First Quarterly Report



Characteristics of the Growth Enterprise Market (“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 Stock 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 Golife Concepts Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (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.

The board of directors (the “Board”) of the Company presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2007.

- Turnover at approximately HK\$9,836,000
- EBITDA at approximately HK\$2,004,000
- Imputed interest expenses of HK\$436,000 on outstanding Convertible Notes
- Profit attributable to shareholders at approximately HK\$641,000
- Life of Circle operations commenced in March 2007
- 6 new points of sales (“POS”) scheduled to open in 3rd and 4th quarters of 2007, bringing total number of POS to 13

Management Discussion and Analysis

Overview

Turnover of the Group was approximately HK\$9,836,000 for the period, representing an increase of 5,217% against HK\$185,000 that was recorded in the first quarter of last year. Profit attributable to shareholders was approximately HK\$641,000 for the period against the first quarter of last year during which a loss attributable to shareholders of HK\$782,000 was recorded.

Golife (Hong Kong) Limited, acquired by the Group on 31 July 2006, was the main profit contributor in the review period. Distributing products of two brands, namely Anya Hindmarch and Paule Ka, Golife (Hong Kong) Limited registered net profit after tax of HK\$1,518,000 for the period.

In February 2007 the Company’s wholly-owned subsidiary, Profit First Investment Limited (“Profit First”) entered into an Agreement with Zion Worldwide Limited (“Zion Worldwide”) to establish a company by the name of LOC Limited (“LOC”), with Profit First and Zion Worldwide owning equal stake. LOC is engaged in the wholesale, design, sourcing, merchandise planning and marketing of lifestyle consumer products including but not limited to jewellery and accessories under the Life of Circle trademark. The “Life of Circle” is a brand founded by award-winning designer Dickson Yewn.

The transaction related to Life of Circle has been completed. Dickson Yewn and Zion Worldwide have transferred and assigned to LOC all LOC IP Rights and existing Trademark-related products. The Group is now involved in brand management and product development of LOC and is the exclusive agent to market, distribute, promote or conduct deals of the products overseas. In Hong Kong, one LOC mono-brand store was opened in March 2007 in Harbour City, Kowloon and another three are expected to be added by the end 2008. Golife is also responsible for wholesale arrangements for the products with other prestigious retail stores.

Costs

Total cost of sales for the period was HK\$3,550,000 and total operating cost was HK\$6,505,000. Gross Profit Margin was 64%. As for finance costs, it amounted to HK\$680,000, which included an imputed interest cost of HK\$436,000 for HK\$8,590,000 outstanding Convertible Notes. No such imputed cost will be incurred when all outstanding Convertible Notes are converted.

Staff costs	HK\$1,794,000
Rent, rates and utilities	HK\$2,288,000
Depreciation and amortization	HK\$351,000
Finance costs	HK\$680,000
Others	HK\$1,392,000
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Total operating costs	<u>HK\$6,505,000</u>

Future Plans

The Group continues to identify and forge equity and/or distribution partnership with unique fashion and lifestyle product brands with character, market potential and longevity. Supported by a “vertical brand-raising” model, the Group seeks to become the partner of choice for “up-and-coming” brands in Greater China.

As mentioned in the Annual Report 2006, the Group has laid down the aggressive target of doubling its points of sales every 18 months. With 6 new stores scheduled to open in 2nd half of 2007, the total number of points of sales for its existing three brands will reach 13 by the end of 2007, versus 6 as at 31 December 2006.

In addition to the point-of-sale expansion plans for the three brands, the Group has signed a Memorandum of Agreement on 30 April 2007 with Long Lead (Holdings) Limited to acquire 50% of Bo Shing International Company Limited (“Bo Shing”), which has the exclusive distribution right of lifestyle porcelain brand Herend’s products in the PRC and Hong Kong. A key condition for the acquisition is Bo Shing will enter into a franchise agreement with a third-party company and granted that party exclusive distribution franchise or retail rights in respect of luxury Herend porcelain articles in Beijing and Shanghai, the PRC and the franchise agreement must include a development schedule for a minimum of five new points of sale on or before 31 December 2008.

The Group has also signed a Memorandum of Understanding on 30 April 2007 with celebrity New York-based designer Ms. Cynthia Rowley for the exclusive right to design, manufacture, distribute and sell the designer label women apparel and accessories, jewellery, women’s footwear, bags and leather goods, and watches in the PRC, Hong Kong and Macau. When the two transactions are completed, the Group will have a portfolio comprising five famed global brands.

The Group sees abundant opportunities for its luxury products in China, the fastest growing economy in Asia. It is confident that its product development capabilities will strengthen as it continues to forge new equity or product licensing partnerships with world famous brands.

Unaudited Consolidated Income Statement

		(Unaudited)	
		For the three months ended	
		31 March 2007 <i>HK\$'000</i>	30 June 2006 <i>HK\$'000</i>
	Note		
Turnover	2	9,836	185
Cost of sales		<u>(3,550)</u>	<u>–</u>
Gross profit		6,286	185
Other revenue	3	1,192	54
Selling and distribution costs		(227)	(5)
Administrative expenses	4	(5,591)	(1,016)
Finance costs	5	(680)	–
Share of Loss from JV		<u>(7)</u>	<u>–</u>
Profit/(loss) before tax		973	(782)
Tax	6	<u>(332)</u>	<u>–</u>
Profit/(loss) attributable to shareholders		<u>641</u>	<u>(782)</u>
EBITDA		<u>2,004</u>	<u>(367)</u>
Profit after taxation before imputed interest on outstanding convertible notes		<u>1,077</u>	<u>(367)</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>
Earnings/(loss) per share	7		
basic (cents)		<u>0.10 cents</u>	<u>(0.64) cents</u>
diluted (cents)		<u>0.10 cents</u>	<u>N/A</u>

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention, except for certain assets which have been measured at fair value.

The accounting policies used in the preparation of the unaudited consolidation results for the Quarter are consistent with those used in the Company's annual financial statements for the period ended 31 December 2006.

The Group changed its financial year end date from 31 March to 31 December. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity and related notes are not comparable with those of the current period.

2. Revenue

(Unaudited)
Three months ended

	31 March 2007 HK\$'000	30 June 2006 HK\$'000
Turnover		
Sales of jewellery and accessories	149	-
Design, development and sales of location-based technology devices and applications	62	185
Distribution of high-end apparel and accessories	9,625	-
	<u>9,836</u>	<u>185</u>
3. Other Revenue		
Fair value gain on financial assets at fair value through profit or loss	1,152	-
Sundry income	40	54
	<u>1,192</u>	<u>54</u>



4. Administrative expenses

	(Unaudited)	
	For the three months ended	
	31 March 2007 HK\$'000	30 June 2006 HK\$'000
Amortization on Intangible assets	168	-
Depreciation	183	-
Management fee	246	-
Rent and Rates	2,288	37
Employee benefit expense	1,794	361
Legal Fee	127	450
Others	785	168
	<u>5,591</u>	<u>1,016</u>

The Company acquired Golife (Hong Kong) Limited on 31 July 2007 to engage in the distribution business of products, Anya Hindmarch and Paule Ka with shops in Hong Kong and Taiwan. Therefore, the rent and rates and salaries for staff substantially increased.

5. Finance costs

	(Unaudited)	
	For the three months ended	
	31 March 2007 HK\$'000	30 June 2006 HK\$'000
Bank interest	30	-
Interest on bank loans and overdrafts repayable within five years	134	-
Imputed interest on Outstanding CN	436	-
Trust receipt interest	80	-
	<u>680</u>	<u>-</u>

6. Tax

	(Unaudited)	
	For the three months ended	
	31 March 2007 HK\$'000	30 June 2006 HK\$'000
Charge for the period		
Hong Kong	332	–
Overseas	–	–
	<u>332</u>	<u>–</u>

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

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

No deferred tax asset has been recognized in respect of the tax losses as they have been arisen in subsidiaries that have been loss-making for some time.

7. Earnings/(loss) per share

The calculation of basic earnings per share for the three months ended 31 March 2007 is based on the Group's profit attributable to shareholders of approximately HK\$1,077,000 and weighted average number of 660,704,821 ordinary shares in issue during the period.

B. Movements of reserves

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Convertible		Total HK\$'000
				notes reserve HK\$'000	Accumulated profit/losses HK\$'000	
As at 1 April 2006	65,850	34,698	(15)	–	(106,359)	(5,826)
Loss for the period	–	–	–	–	(782)	(782)
As at 30 June 2006	<u>65,850</u>	<u>34,698</u>	<u>(15)</u>	<u>–</u>	<u>(107,141)</u>	<u>(6,608)</u>
As at 1 January 2007	5,268	55,642	–	11,316	(40,678)	31,548
Conversion of Conversion Notes*	4,843	43,587	–	(9,641)	–	38,789
Profit for the period	–	–	–	–	641	641
As at 31 March 2007	<u>10,111</u>	<u>99,229</u>	<u>–</u>	<u>1,675</u>	<u>(40,037)</u>	<u>70,978</u>

* The Company acquired entire issued share capital of Golife (Hong Kong) Limited (formerly known as Hip Kin Retailing Limited) with consideration of HK\$81 million satisfied by (i) HK\$20 million in cash out of the net proceeds from Open Offer; and (ii) the issue of Convertible Note for the remaining balance of HK\$61 million. During the period there were HK\$1,000,000 and HK\$48,430,000 Convertible Notes redeemed and converted respectively.

Interim Dividends

The Board does not recommend the payment of Interim dividend for the three months ended 31 March 2007 (2006: HK\$ nil).

Post Balance Sheet Events

On 30 April 2007, Sunfame, a wholly-owned subsidiary of the Company, entered into Memorandum of Agreement with Long Lead, pursuant to which sunfame has conditionally agreed to acquire from Long Lead 50% of the entire issued capital of Bo Shing International Company Limited for an aggregate consideration of HK\$3,600,000. HK\$1,800,000 being 50% of the consideration, will be satisfied by cash payment; the remaining HK\$1,800,000 being 50% of consideration, will be satisfied by the issuance and allotment of the consideration shares to Long Lead at an issue price of HK\$0.12 per share.

The Board is also pleased to announce that Golife CR Limited (the "Golife CR"), a wholly owned subsidiary of the Company to be incorporated in Hong Kong, enter into the Memorandum of Understanding with the Company and Ms. Rowley on 30 April 2007, pursuant to which (i) Ms. Rowley shall grant CR Hong Kong Limited (the "CRHK") the exclusive right to use the Trademark on products designed by Rowley; (ii) CRHK shall grant Golife CR the exclusive right to distribute and sell the products in Hong Kong; and (iii) CRHK shall have the first right of refusal to (a) the worldwide exclusive right to use the Trademark on watches which are designed by CRHK; and (b) the exclusive right to use the Trademark on women's footwear which are designed by CRHK in the Territory. Details may refer to the announcement dated 4 May 2007.

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2007, the interests, deemed interests, long positions and shorts positions 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 Futures Ordinance (Cap. 571) (the "SFO") as recorded in the register required to be kept under 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 Transactions by Directors of Listed Issuers (the "Model Code") pursuant to rules 5.46 to 5.68 of the GEM Listing Rules were as follows:

Long Position in Shares in the Company

Name of Director	Number of shares deemed to be interested	Approximate percentage of the Company's issued share capital (%)
Richard YEN (<i>Note</i>)	60,000,000(L)	5.93(L)

Note:

Through his wholly owned company, namely Neowin Ltd., Richard YEN who is a non-executive director of the Company, is taken to be interested in 60,000,000 shares in the Company within the meaning of Part XV of the SFO.

Saved as disclosed above, as at 31 March 2007, none of the directors or the chief executive of the Company had any interests, deemed interests, long position or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations.

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 may, at its discretion, invite any employees, directors of the Company and/or any of its subsidiaries, any advisers or consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters and service providers to the Group to subscribe for ordinary shares of HK\$0.10 each in the Company or of such other nominal amount as shall result from a sub-division consolidation, reclassification or reconstruction of the share capital of the Company from time to time. The maximum number of shares in respect of which options may be granted and yet to be exercised under the Scheme and other share option schemes must not exceed 30% of the issued share capital of the Company from time to time. Upon acceptance of the option, the grantee must pay HK\$1.00 to the Company by way of consideration for the grant.

As at 31 March 2007, no option had been granted or agreed to be granted by the Company under the Scheme.

Saved as disclosed above, as at 31 March 2007, none of the directors of the Company 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 of 1 January 2007 to 31 March 2007 was the Company or any of its subsidiaries a party to any arrangement 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 31 March 2007, the register of substantial shareholders maintained pursuant to Section 336 of the SFO showed that other than interests disclosed in the section “Directors’s and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, the following shareholders had notified the Company of their relevant interests or deemed interests in the issued share capital of the Company:

Long Position in the Shares and Underlying Shares in the Company

Name of Shareholder	Number of shares interested or deemed to be interested	Number of underlying shares interested or deemed to be interested through the convertible notes of the Company	Approximate total percentage of the Company’s issued share capital (%)
GOUW Hiap Kian (<i>Note 1</i>)	245,980,000(L)	85,900,000(L)	32.82(L)
NG Choy Yue Mary (<i>Note 1</i>)	245,980,000(L)	85,900,000(L)	32.82(L)
First Vantage Limited (<i>Note 2</i>)	220,000,000(L)	85,900,000(L)	30.25(L)
Chung Chiu Limited (<i>Note 2</i>)	220,000,000(L)	85,900,000(L)	30.25(L)
HSBC International Trustee Limited (<i>Note 2</i>)	220,000,000(L)	85,900,000(L)	30.25(L)
Far East Holdings International Limited (formerly known as Far East Technology International Limited)	137,223,600(L)	Nil	13.57(L)
Galaxy China Opportunities Fund	102,420,000(L)	Nil	10.13(L)
Deutsche Bank Aktiengesellschaft	77,670,000(L)	Nil	7.68(L)
Neowin Ltd (<i>Note 3</i>)	60,000,000(L)	Nil	5.93(L)
HO Hsin Yi (<i>Note 4</i>)	60,000,000(L)	Nil	5.93(L)

Notes:

- GOUW Hiap Kian is the beneficial owner of 25,980,000 shares of the Company. Adding the 220,000,000 shares and the 85,900,000 underlying shares he is deemed to be interested in through First Vantage Limited pursuant to the SFO (see Note 2 below), he is interested in a total of 331,880,000 shares of the Company. Further, being the spouse of GOUW Hiap Kian, NG Choy Yue Mary is deemed to be interested in a total of 331,880,000 shares of the Company pursuant to the SFO.
- First Vantage Limited is a wholly owned subsidiary of Chung Chiu Limited, which in turn is wholly owned by a discretionary trust. The founder of the discretionary trust is GOUW Hiap Kian, and the trustee of the discretionary trust is HSBC International Trustee Limited. In these circumstances, under the SFO, each of Chung Chiu Limited, GOUW Hiap Kian and HSBC International Trustee Limited is deemed to be interested in the 220,000,000 shares and 85,900,000 underlying shares of the Company.
- Neowin Ltd is the beneficial owner of 60,000,000 shares in the Company.
- HO Hsin Yi, the spouse of the non-executive director of the Company, Richard YEN, is deemed to be interested in the 60,000,000 shares in the Company under Part XV of the SFO.

Save as disclosed above, as at 31 March 2007, the Company is not aware of any other person who had any interest, deemed interest, long position or short position in the shares or underlying shares in the Company as recorded in the register maintained by the Company pursuant to section 336 of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

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 31 March 2007, 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 31 March 2007.

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 of directors
Golife Concepts Holdings Limited
Leung Tak Wah
Executive Director

Hong Kong, 14 May 2007

As at the date of this report, the Board consists of Mr. LO Mun Lam, Raymond, and Mr. Leung Tak Wah as Executive Directors, Ms. Yu Wai Yin, Vicky, Mr. Richard Yen and Mr. Duncan Chiu as Non-Executive Directors and Mr. Lum Pak Sum, Mr. Sum Chun Ho and Mr. Wan Kwok Pan as independent Non-Executive Directors.