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**SATELLITE DEVICES CORPORATION**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8172)**

**PROGRESS OF THE PROPOSED CAPITAL REORGANISATION  
AND EXPECTED TIMETABLE**

The Board is pleased to announce that the order for the Capital Reduction has been granted by the Grand Court of the Cayman Islands on 16 June 2006. Upon registration by the Registrar of Companies in the Cayman Islands of a copy of the court order and the minutes containing the particulars required under the Companies Law, the Proposed Capital Reorganisation is expected to become effective on 22 June 2006.

Reference is made to the announcement dated 25 November 2005 (the "Announcement") and the circular dated 27 March 2005 (the "Circular") issued by the Company. Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement and the Circular.

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**EXPECTED TIMETABLE**

*The expected timetable for the Proposed Capital Reorganisation is set out below:*

2006

Expected effective date of the Proposed Capital Reorganisation.....	Thursday, 22 June
Free exchange of existing Share certificates for New Share certificates commences.....	Friday, 23 June

Existing counter for trading in existing Shares in board lot of 6,000 Shares closes .....	9:30 a.m. on Friday, 23 June
Temporary counter for trading in existing Shares in board lot of 1,200 Consolidated Shares opens .....	9:30 a.m. on Friday, 23 June
First day of availability of odd lot facility .....	Friday, 23 June
Last day of dealings in New Shares on cum-entitlement basis .....	Friday, 23 June
First day of dealings in New Shares on ex-entitlement basis .....	Monday, 26 June
Existing counter for trading in New Shares in board lot of 30,000 New Shares (in form of new share certificates) re-opens .....	9:30 a.m. on Friday, 7 July
Parallel trading in the New Shares and existing Shares commences .....	9:30 a.m. on Friday, 7 July
Temporary counter for trading in New Shares in board lot of 1,200 Consolidated Shares closes .....	4:00 p.m. on Friday, 28 July
Parallel trading in New Shares and existing Shares ends .....	4:00 p.m. on Friday, 28 July
Last day of availability of odd lot facility .....	Friday, 28 July
Free exchange of existing Share certificates for New Share certificates ends .....	Wednesday, 2 August

*All references to time and dates in this announcement are to Hong Kong time and dates.*

## **FREE EXCHANGE OF CERTIFICATE(S) FOR NEW SHARES AND TRADING ARRANGEMENTS**

Upon the Proposed Capital Reorganisation becoming effective on 22 June 2006, the Shareholders may, on or before 23 June 2006 until 2 August 2006, submit their existing certificates for the Existing Shares to the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Ltd. of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for new certificates for the New Shares on the basis of five (5) Existing Shares for one (1) New Shares at the expense of the Company. After the expiry of such period, existing certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 per existing certificate or new certificate, whichever the higher number of certificated (or such higher amount as may from time to time be allowed by the Stock Exchange) may be.

Upon the Proposed Capital Reorganisation becoming effective on 22 June 2006, the arrangement proposed for dealings in the New Shares are expected to be as follows:

From 23 June 2006, the existing counter for trading in the Existing Shares in board lot of 6,000 Shares will be temporarily closed. A temporary counter under stock code 8381 will be established for trading in the Existing Shares in board lot of 1,200 consolidated Shares. The certificates for the Existing Shares in yellow brown colour may only be traded at this temporary counter.

With effective from 7 July 2006, the existing counter for trading in the certificates for the New Shares in red colour in board lot of 30,000 New Shares will be reopened.

From 7 July 2006 to 28 July 2006, both days inclusive, there will be parallel trading at the above two counters.

The temporary counter for trading in the certificates for the Existing Shares in board lot of 1,200 consolidated Shares will be removed after the close of trading on 28 July 2006. Thereafter, trading will be in the New Shares only and the certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. Nevertheless, certificates for the existing Shares will continue to be good evidence of legal title and valid registration purpose.

Arrangements will also be made to ensure that the New Shares are acceptable as eligible securities by HKSCC for deposit, clearance and settlement in CCASS upon the Proposed Capital Reorganisation becoming effective.

By order of the board of  
**Satellite Devices Corporation**  
**Leung Tak Wah**  
*Executive Director*

20 June 2006, Hong Kong

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this announcement is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this circular misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will be published on the Company's website and will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of publication.*