
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in Satellite Devices Corporation, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



SATELLITE DEVICES CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

NOTICE OF ANNUAL GENERAL MEETING AND GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

This circular, for which the directors of Satellite Devices Corporation 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 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 circular 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 circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A notice of the annual general meeting of Satellite Devices Corporation to be held at 10:00 a.m. on 25 July 2005 is set out on pages 7 to 9 of this circular. Whether you are able to attend or not, please complete and return the enclosed form of proxy to Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the AGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the annual general meeting in person.

This circular will remain on the GEM Website on the “Latest Company Announcement” page for at least 7 days from the date of this posting and will also remain on the Company’s website at “www.satellite-devices.com” for the same date.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed 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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

LETTER FROM THE CHAIRMAN



SATELLITE DEVICES CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

Board of directors

Executive Directors:

Tsoi Siu Ching, Leo

Leung Tak Wah

Independent non-executive Directors:

Liu Kwong Sang

Chan Chi Tong

Huang Hai Wen

*Head Office and Principal Place
of business in Hong Kong:*

Unit 5, 20/F

Jupiter Tower

No. 9 Jupiter Street, North Point

Hong Kong

Registered office:

Ugland House

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

29 June 2005

To shareholders of the Company

and, for information only, options holders

Dear Sir and Madam,

NOTICE OF ANNUAL GENERAL MEETING AND PROPOSED GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the annual general meeting (the "AGM") of the Company to be held at 10:00 a.m. on 25 July 2005.

BACKGROUND

On 26 July 2004 resolutions were passed by the then shareholders of the Company granting general unconditional mandates to the directors of the Company to exercise the powers of the Company to:

- (a) allot, issue and deal with shares in the capital of the Company not exceeding 20 per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of the resolution;

LETTER FROM THE CHAIRMAN

- (b) repurchase shares of the Company not exceeding 10 per cent. of the aggregate nominal value of the shares of the Company in issue as at the date of resolution; and
- (c) add to the general mandate for issuing shares set out in paragraph (a) above the number of shares repurchased by the Company pursuant to the repurchase mandate set out in paragraph (b) above.

The above general mandates will expire at the conclusion of the AGM and the purpose of this circular is to request your approval to renew the general mandates as referred to below.

PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, it will be proposed, by way of an ordinary resolution, that the directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to repurchase on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) shares in the Company up to a maximum of 10 per cent. of the shares of the Company in issue at the date of passing the ordinary resolution (the “Repurchase Mandate”).

The Repurchase Mandate, if approved, will continue in force until the conclusion of the next annual general meeting of the Company or until revoked or varied by ordinary resolution of shareholders in general meeting prior to the next annual general meeting.

The Company may only repurchase its shares on GEM if:

- (i) the shares proposed to be repurchased by the Company are fully paid up;
- (ii) the Company has previously sent to its shareholders the explanatory statement set out in the schedule to this letter; and
- (iii) the shareholders of the Company have in general meeting approved in Repurchase Mandate and the relevant documents in connection therewith have been delivered to the Stock Exchange.

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, in particular Rule 13.08, is set out in the schedule to this letter. This explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

LETTER FROM THE CHAIRMAN

THE AGM

The following are the details of the AGM:

Date: 25 July 2005
Time: 10:00 a.m.
Venue: Grand Royal Club, Opal Hall
Level 6, Tower 2, Metroplaza
223 Hing Fong Road, Kwai Fong
New Territories, Hong Kong

The notice convening the AGM is set out on page 7 to 9 of this circular. Resolutions nos. 4 to 6 as set out in the notice of AGM relate to the general mandates and will be proposed as ordinary resolutions at the AGM for your consideration and approval. A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding the AGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RIGHT TO DEMAND A POLL

Pursuant to the Article 66 of the Articles of Association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or in the case of Member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that rights.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a member.

RECOMMENDATION

The directors of the Company consider that the granting of the general mandates referred to in this circular are in the best interests of the Company and its shareholders and so recommend shareholders to vote in favour of the resolutions at the AGM.

Yours faithfully,
Tsoi Siu Ching, Leo
Chairman

SCHEDULE

EXPLANATORY STATEMENT

The following is the explanatory statement required to be sent to shareholders pursuant to Rule 13.08 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) in connection with the proposed Repurchase Mandate which, if approved, would authorize directors of the Company to repurchase shares of HK\$0.10 each (“Shares”) in the Company.

(a) Number of Shares which may be repurchased

Exercise in full of the Repurchase Mandate, on the basis of 590,916,000 Shares in issue as at 29 June 2005 (being the latest practicable date (the “Latest Practicable Date”) for ascertaining certain information prior to the printing of this circular), would result in 59,091,600 Shares being repurchased by the Company during the period prior to the next annual general meeting of the Company following the passing of the resolution approving the Repurchase Mandate.

(b) Reasons for proposed repurchase of Shares

The directors of the Company (“Directors”) believe that it is in the interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares on GEM. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such purchases will benefit the Company and its shareholders.

(c) Source of funds

In repurchase Shares, the Company may only apply funds legally available for such purpose in accordance with its articles of association and the laws of the Cayman Islands.

(d) Effect of exercising the Repurchase Mandate

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2005) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which, in the opinion of the Directors, are from time to time appropriate of the Company.

(e) Who may sell Shares in the event the Repurchase Mandate is exercised

No connected person (as defined in GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so in the event that the Repurchase Mandate is approved by the shareholders.

SCHEDULE

(f) Directors' undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquires, their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

(g) The Hong Kong Code on Takeovers and Mergers

If, as a result of a repurchase of Shares, pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert (within that term's meaning under the Code), depending on the level of increase in the shareholders interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, Arcon Solutions (BVI) Limited, held approximately 65.64 per cent. of the issued Shares. Arcon Solutions (BVI) Limited is 100 per cent. owned by Arcontech Corporation which is, in turn owned by Upgrade Technology Limited as to 57.61 per cent. as at the Latest Practicable Date. Mr. Tsoi Siu Ching, Leo, the chairman and an executive director of the Company wholly and beneficially owns Upgrade Technology Limited. As at the Latest Practicable Date, the Directors are not aware of any consequences for any of Mr. Tsoi Siu Ching, Leo, Upgrade Technology Limited, Arcontech Corporation or Arcon Solutions (BVI) Limited under the Code as a result, solely, of the Directors exercising the Repurchase Mandate in full.

(h) No purchases of Shares by the Company

The Company has not purchased any Shares in the previous six months preceding the Latest Practicable Date.

SCHEDULE

(i) Shares prices

The highest and lowest prices at which the Shares were traded on GEM during each of the calendar months since 1 April 2004 were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2004		
April	0.035	0.020
May	0.034	0.020
June	0.030	0.020
July	0.030	0.024
August	0.030	0.021
September	0.033	0.028
October	0.031	0.031
November	0.031	0.021
December	0.038	0.028
2005		
January	0.030	0.019
February	0.025	0.024
March	0.025	0.022
April	0.032	0.017
May	0.026	0.025

NOTICE OF ANNUAL GENERAL MEETING



SATELLITE DEVICES CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8172)

NOTICE IS HEREBY GIVEN that the Annual General meeting of the members of Satellite Devices Corporation (the “Company”) will be held at Grand Royal Club, Opal Hall, Level 6, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories, Hong Kong on 25 July 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2005.
2. To re-elect the retiring director and to authorize the board of directors to fix remuneration of all directors.
3. To re-appoint auditors of the Company and to authorize the board of directors to fix their remuneration.
4. To consider as special business, and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution of the Company:

“THAT:

- (A) subject to paragraph (C) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the exercise by the directors of the Company during the Relevant Period (as hereafter defined) of all the powers of the Company to allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of options granted under any of the Company’s share option schemes or any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time) additional shares in the share capital of the Company and to make or grant any offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (B) the approval in paragraph (A) of this resolution shall be in addition to any other authorization given to the directors and shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant any offers, agreements and options which would or might require the exercise of such powers either during or after the end of the Relevant Period (as hereinafter defined);
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (A) above shall not exceed 20 per cent. of the aggregate nominal value of the issued share capital of the Company at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“rights issue” means the allotment or issue of shares in the Company or other securities which would or might enquire shares to be allotted and issued pursuant to an offer made to all shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the laws of that place) and, where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities.

5. To consider as special business, and if though fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (A) subject to paragraph (B) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in resolution 5(D) set out in the Notice of this Meeting) of all powers of the Company to repurchase the issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which shares in the capital of the Company may be listed and which is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved; and

NOTICE OF ANNUAL GENERAL MEETING

(B) the aggregate nominal amount of shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (A) of this resolution during the Relevant Period (as defined in resolution 5(D) set out in the Notice of this Meeting) shall not exceed 10 per cent. of the aggregate nominal value of the issued share capital of the Company at the date of the passing of this resolution, and the said approval shall be limited accordingly.”

6. To consider as special business, and if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolution Nos. 4 and 5 (as set out in the Notice of this Meeting), the unconditional general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to resolution No.4 (as set out in the Notice of this Meeting) be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by directors of the Company pursuant to such unconditional general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution No. 6 (as set out in the Notice of this Meeting), provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal value of the issued share capital of the Company at the date of passing this resolution.”

By Order of the Board
Satellite Devices Corporation
Tsoi Siu Ching, Leo
Chairman

Hong Kong, 29 June 2005

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. To be valid, the instrument appointing a proxy and (if required by the board of directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong no less 48 hours before the time for the time for holding the Annual General Meeting
3. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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This notice will also be posted on the website of the company at www.satellite-devices.com from the date of its posting.