



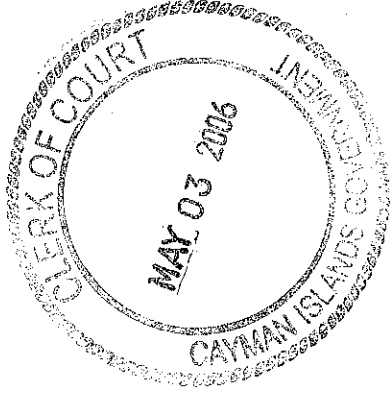
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 165 OF 2006

In the matter of **Satellite Devices Corporation (衛科創業有限公司)**

And in the matter of the Companies Law (2004 Revision)

And Grand Court Rules 1995 Order 102



PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Satellite Devices Corporation (衛科創業有限公司) shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2004 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Satellite Devices Corporation (衛科創業有限公司)** (the "Company").
2. The Company was incorporated under the Companies Law on 11 June, 2001 with the name "Satellite Devices Holdings Corporation" and registered in the Cayman Islands as an exempted company with registration number CR-110769. On 31 July, 2001, the name of the Company was changed from "**Satellite Devices Holdings Corporation**" to "**Satellite Devices Corporation (衛科創業有限公司)**".
3. The registered office of the Company is situated at the offices of Codan Trust Company (Cayman) Limited, P.O. Box 2681 GT, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, British West Indies.
4. As at and since the date of incorporation of the Company, its authorised share capital was HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.10 each ("Shares").

5. The Shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since 26 March, 2002. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. As at the date of this petition, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares and its issued share capital is HK\$65,850,186.30 divided into 658,501,863 ordinary shares of HK\$0.10 each.

6. The objects for which the Company was formed are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity in respect of any question of corporate benefit, as provided by section 27(2) of the Companies Law.

7. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 4 “The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes

shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

(e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided."

Article 6 "The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by law."

8. By a special resolution of the Company (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 20 April 2006, (the "Extraordinary General Meeting"), it was resolved:

"(A) THAT conditional upon (i) compliance with any conditions which the Grand Court of the Cayman Islands (the "Court") may impose, (ii) the confirmation of the Capital Reduction (as defined below) by the Court and the registration by the Registrar of Companies in the Cayman Islands of a

copy of the court order confirming the Capital Resolution (as defined below) and the minutes approved by the Court containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands; and (iii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, shares of HK\$0.01 each in the issued share capital of the Company upon the Capital Reduction (as defined below) the dated on which becomes effective (the "Effective Date"):

(a) every five (5) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.50 each (the "Consolidated Share") in the capital of the Company (the "Share Consolidation");

(b) subject to and forthwith upon the Share Consolidation taking effect:-

(i) the issued share capital of the Company be reduced by canceling paid-up capital to the extent of HK\$0.49 on each Consolidated Share in the capital of the Company in issue on the Effective Date (the "Capital Reduction") so that each issued share in the capital of the Company shall be treated as one fully-paid up share of HK\$0.01 each in the capital of the Company (the "New Share") and any liability of the holders of New Shares to make any further contribution to the capital of the Company on each such New Share shall be treated as satisfied, such New Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;

(ii) all factions of the New Shares to which holders of issued shares of HK\$0.50 each in the share capital of the Company would otherwise be entitled to be aggregated, sold and retained for the benefit of the Company; and

(iii) the authorized but unissued share capital of the Company shall be sub-divided by subdividing each of the authorized but unissued shares of HK\$0.50 each in the capital of the Company into fifty (50) new shares of HK\$0.01 each in the capital of the Company (the "Subdivision");

(c) subject to and forth with upon the Capital Reduction being effective, the credit amount arising from the Capital Reduction be applied to a distributable reserve of the Company where it may be utilised by the directors of the Company in accordance with the articles of association of the Company and all applicable laws, including to eliminate the accumulated losses of the Company as at the Effective Date (the "Application of Credit")."

"(B) THAT the directors of the Company be and are hereby authorized generally to do all such acts, deals and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reduction, the Share Consolidation, the Subdivision and the Application of Credit, including but not limited to making an application to the Grand Court of the Cayman Islands for a court order confirming the Capital Reduction."

Each of the capitalised terms referred to in the Special Resolution above are defined in the information circular exhibited to the affidavit of Mr. Leung Tak Wah ("LTW – 6").

9. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:-

How Present	Present & Voting		Against	
	No.	For No.	No.	
In person/by corporate representatives	4 members	4 members	nil	
By proxy	1 member	1 member	nil	
Total	5 members	5 members	nil	

As appeared from the table, the Extraordinary General Meeting was attended in person or by corporate representatives or by proxy by 5 members, all of whom voted in favour of the resolution and none voted against the resolution. No poll was demanded or taken at the Extraordinary General Meeting. The resolution was voted on by way of a show of hands and the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting represents more than three-fourths of the votes cast for the resolution approved the Capital Reduction and therefore the chairman of the Extraordinary General Meeting declared the resolution passed in accordance with the Articles of Association of the Company.

10. There was an audited accumulated loss of about HK\$94,338,000 as shown in the audited accounts of the Company for the year ended 31 March 2005. The purpose of the proposed Capital Reduction is to enable the Company to apply the credit or part thereof arising from the Capital Reduction to a distributable reserve of the Company where it may be utilized by the directors of the Company in accordance with the articles of association of the Company and all applicable laws, including to eliminate the accumulated losses of the Company as at the Effective Date. The Capital Reduction will also provide greater flexibility in pricing future capital raising exercises when circumstances arise.
11. The proposed Capital Reduction does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. Furthermore, the Capital Reduction will not alter the underlying assets, business

operations, management or financial position of the Company nor will it affect the proportionate interests of the shareholders.

12. The form of Minute proposed to be registered is as follows:—

“The issued share capital of Satellite Devices Corporation (衛科創業有限公司) (the “Company”) was by virtue of a Special Resolution passed on 20 April, 2006 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•], 2006, reduced from HK\$65,850,186.30 divided into 131,700,372.6 ordinary shares of HK\$0.50 each to HK\$1,317,003.72 divided into 131,700,372 ordinary shares of HK\$0.01 each (the “Capital Reduction”). Upon the Capital Reduction becoming effective, all the authorised but unissued share capital of the Company shall be sub-divided by subdividing each of the authorized by unissued shares of HK\$0.50 each in the capital of the Company into fifty (50) new shares of HK\$0.01 each in the capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 shares of HK\$0.01 each, of which 131,700,372 ordinary shares of HK\$0.01 each have been issued and are fully paid or credited as fully paid.”

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reduction of the Company proposed to be effected by the Special Resolution set forth in paragraph 8 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.
- (2) That to this end, all necessary inquiries and directions may be made and given.
- (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Satellite Devices Corporation (衛科創業有限公司), at its registered office located at the offices of Codan Trust Company (Cayman) Limited, P.O. Box 2681 GT, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, British West Indies.

DATED THIS 3RD DAY OF MAY, 2006.



CHARLES ADAMS, RITCHIE & DUCKWORTH
Attorneys-at-Law for the Petitioner herein

This Petition was filed by Charles Adams Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Applicant herein whose address for service is that of its Attorneys, P.O. Box 709GT, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.

Notice of Hearing

This Petition having been presented to the Court on the 3rd day of May 2006 will be heard at the Law Courts, George Town, Grand Cayman on the day of June 2006 at a.m./p.m. or as soon thereafter as the Petition can be heard.

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