



**SOLOMON
SYSTECH**

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2878)

Announcement pursuant to Rule 13.09(1) of the Listing Rules

The Share Award Plan of the Company has been amended such that the Remuneration Committee is empowered to direct the Trustee to purchase shares of the Company in the open market for the purpose of making share awards under the amended Share Award Plan for the benefit of Non-Connected Persons.

The Board is pleased to announce that the Remuneration Committee has, pursuant to the Plan Rules, resolved to approve the amendments to the Share Award Plan so as to allow the Remuneration Committee to give direction to the Trustee to:

- (i) purchase existing Shares in the open market and/or subscribe for new Shares for the purpose of making share awards under the Share Award Plan pursuant to the Amended Plan Rules for the benefit of the Selected Employees who are not connected persons of the Company (the amendments to the Plan Rules and the terms of the Supplemental Deed for the purpose of effecting such objective shall be referred to as the “**First Amendments**”); and
- (ii) purchase and/or subscribe Shares for the purpose of making share awards under the Share Award Plan pursuant to the Amended Plan Rules whilst there remained Shares held by the Trustee under the Trust Deed (the amendments to the Plan Rules and the terms of the Supplemental Deed for the purpose of effecting such objective shall be referred to as the “**Second Amendments**”).

Under the Previous Plan Rules and the Trust Deed, with respect to the awards made to Selected Employees who were connected persons of the Company, the Remuneration Committee could only direct the Trustee to utilise the funds made available under the Trust Deed to purchase existing Shares for the purpose of making such awards, and with respect to the awards made to Selected Employees who were not connected persons of the Company, the Remuneration Committee could only direct the Trustee to utilise the funds made available under the Trust Deed to subscribe for new Shares for the purpose of making such awards.

The reason for making the First Amendments is therefore to allow flexibility to the Remuneration Committee in making awards under the Share Award Plan to Selected Employees who are not connected persons of the Company, as the Remuneration Committee now has the option to direct the Trustee to purchase existing Shares and/or subscribe for new Shares for such purpose. The Directors are of the view that this is not prejudicial to the Company in any way, as the Remuneration Committee has always been permitted to purchase

Shares for the purpose of making awards to Selected Employees who are connected persons, and the Directors and the Remuneration Committee consider that the making of Share awards to Selected Employees who are not connected persons of the Company should not be subject to more stringent requirements. The Directors are of the view that the First Amendments are in the interest of the Company as a whole.

The reason for making the Second Amendments is also to allow flexibility to the Remuneration Committee in making awards under the Share Award Plan, because, as there are currently only 12,533,520 unallocated Shares held by the Trustee under the Trust Deed, the Directors and the Remuneration Committee are of the view that the previous Plan Rules and the terms of the Trust Deed prior to the execution of the Supplemental Deed were unduly restrictive to the power of the Remuneration Committee to make awards, as such number of Shares might not be sufficient to satisfy the amount of the awards to be made by the Remuneration Committee, in which case, without making the Second Amendments, the Remuneration Committee would have to separate the making of the proposed awards into two instalments. Accordingly, as under such previous arrangement, not all the relevant employees would receive the awards at the same time, the Directors were of the view that, from the perspective of maintaining an incentivised and stable workforce, the Second Amendments are desirable and in the interest of the Company as a whole.

The Supplemental Deed has also been entered into on 21 December 2006.

Save as set out above, the administration and operation of the Share Award Plan remain unchanged. A summary of the features and certain principal terms of the Share Award Plan was set out in the Prospectus.

Definitions

“Amended Plan Rules”	the Plan Rules as amended by the Remuneration Committee on 21 December 2006
“Board”	the board of Directors
“Company”	Solomon Systech (International) Limited
“Directors”	the directors of the Company
“connected person”	has the meaning ascribed thereto under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Plan Rules”	the rules of the share Award Plan adopted by the Company on 19 March 2004, the details of such plan were set out in the Prospectus
“Previous Plan Rules”	the rules of the Share Award Plan adopted by the Company on 19 March 2004
“Prospectus”	the prospectus of the Company dated 25 March 2004

“Remuneration Committee”	the remuneration committee of the Company
“Selected Employee”	being any bona fide employee of the Company or its subsidiaries selected by the Remuneration Committee for participation in the Share Award Plan
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Share Award Plan”	the share award plan of the Company adopted on 19 March 2004, the details of which were set out in the Prospectus. This share award plan was governed by the Previous Plan Rules at the time of its adoption and it is now governed by the Amended Plan Rules
“Supplemental Deed”	the deed of variation dated 21 December 2006 entered into between the Company and the Trustee for the purpose of amending the Trust Deed so as to make it consistent with the terms of the amended Share Award Plan and the Amended Plan Rules
“Trustee”	HSBC International Trustee Limited, being the present trustee to the Share Award Plan
“Trust Deed”	the trust deed dated 19 March 2004 entered into between the Company and the Trustee for the purpose of implementing the Share Award Plan

By order of the Board
SOLOMON SYSTECH (INTERNATIONAL) LIMITED
FUNG Lui Kit-har, Keziah
Company Secretary

Hong Kong 21 December 2006

As at the date of this announcement, the executive directors of the Company are Leung Kwong Wai (Managing Director), Huang Hsing Hua, Lai Woon Ching, Lam Shun Fu and Lo Wai Ming; the non-executive directors of the Company are Lam Pak Lee, Chang Ching Yi, Steven and Wong Yuet Leung, Frankie; and the independent non-executive directors of the Company are Choy Kwok Hung, Patrick, Sun Patrick and Kao Kuen, Charles.

Please also refer to the published version of this announcement in South China Morning Post.