



**SOLOMON  
SYSTECH**  
晶門科技

**Solomon Systech (International) Limited**

*(incorporated in the Cayman Islands with limited liability)*

**Stock Code: 2878**

**ACCELERATION OF VESTING OF SHARES UNDER  
THE PRE-IPO SHARE REWARD PLAN**

The Board hereby announces that the Remuneration Committee passed a resolution on 3rd December, 2004 to accelerate the Pre-IPO Share Reward Plan such that the Award Shares thereunder (being an aggregate of 73,650,000 existing issued Award Shares) will vest on 31st December, 2004, with a lock-up arrangement to be put in place in respect of certain of such Shares (as detailed below), as a result of the new provisions to be introduced under HKFRS2 as set out below.

The Board hereby announces that the Remuneration Committee (the majority of whose members comprises the independent non-executive Directors) passed a resolution on 3rd December, 2004 approving the acceleration of the vesting of the existing and allocated Award Shares under the Pre-IPO Share Reward Plan to 31st December, 2004. Details of the Pre-IPO Share Reward Plan have been disclosed in the Prospectus issued by the Company on 25th March, 2004. Certain relevant terms of the Pre-IPO Share Reward Plan and the revised arrangements are set out below.

**The Pre-IPO Share Reward Plan:**

The Pre-IPO Share Reward Plan was adopted by the Board on 19th March, 2004. Under the Pre-IPO Share Reward Plan, Award Shares (being existing Shares in issue) were allocated by the Company to the Beneficiaries on 19th March, 2004 (ie. before the Listing).

Certain relevant terms of the Pre-IPO Share Reward Plan (prior to the acceleration herein mentioned) are as follows:

1. the Award Shares would vest over a period of up to two years from the date on which the Award Shares were allotted and issued for the purpose of making awards under the Pre-IPO Share Reward Plan;
2. the First Batch Shares, being 29,460,000 Award Shares, were scheduled to vest in the Beneficiaries under the Pre-IPO Share Reward Plan by 19th March, 2005, and the Second Batch Shares, being 44,190,000 Award Shares, were scheduled to vest in the Beneficiaries under the Pre-IPO Share Reward Plan by 19th March, 2006; and
3. the Remuneration Committee has the power to make changes to the Pre-IPO Share Reward Plan and to the conditions upon which any grant or allocation of Award Shares thereunder has been made.

**Reason for accelerating the vesting of Shares under the Pre-IPO Share Reward Plan:**

The Remuneration Committee has been advised that certain changes will be made to the financial reporting standards of companies in Hong Kong as a result of the implementation of the HKFRS2 in the year of 2005. The HKFRS2 will introduce, inter alia, a change in the accounting treatment for share-based remuneration plans. This change will require companies to recognise in their books the fair value of such shares constituting the share awards which are granted on or after 7th November, 2002 but remain unvested as at 1st January, 2005, no matter whether the grants of the share awards have already been accounted for in the relevant accounting period in the past under the existing financial reporting standards. In view of such change, the Remuneration Committee considered that the vesting of the Award Shares in the Beneficiaries in the years of 2005 and 2006, respectively, pursuant to the terms of the Pre-IPO Share Reward Plan would, to a certain extent, distort the financial results of the Company for the years of 2005 and 2006 respectively. Since the First Batch Shares and the Second Batch Shares would, pursuant to the Pre-IPO Share Reward Plan, vest in the Beneficiaries in early 2005 and 2006, respectively, the Remuneration Committee considers that it would be in the best interests of the shareholders of the Company to accelerate the vesting of the Award Shares to 31st December, 2004.

**The revised arrangements under the Pre-IPO Share Reward Plan:**

After the acceleration of the Pre-IPO Share Reward Plan, the revised arrangements are as follows:

1. the First Batch Shares are scheduled to vest in the Beneficiaries on 31st December, 2004;
2. the Second Batch Shares are scheduled to vest in the Beneficiaries on 31st December, 2004 subject to a lock-up for the Lock-up Period;
3. for the purpose of the aforesaid lock-up, the Beneficiaries will be required to sign a non-disposal undertaking in respect of their relevant Second Batch Shares in favour of the Company;
4. the Beneficiaries will be required to deliver or procure the delivery of the share certificate(s) for their relevant Second Batch Shares to the Company which shall hold them as security for the aforesaid non-disposal undertaking during the Lock-up Period; and
5. upon expiry of the Lock-up Period, the share certificate(s) for the Second Batch Shares will be returned to the relevant Beneficiaries and the Second Batch Shares will be released to the relevant Beneficiaries from the lock-up.

**Share Incentive Schemes:**

Following the vesting of the Award Shares on 31st December, 2004, the Pre-IPO Share Reward Plan will be terminated and any Shares which do not vest on 31st December, 2004 will be transferred and allocated to the Share Award Plan of the Company which was adopted on 19th March, 2004.

As indicated in the Prospectus, the Company believes in incentivising, retaining and rewarding employees and attracting new talent through share based incentives which will align such persons interest with that of the Company. In pursuance of this goal, one of the key tenets of the corporate culture of the Company is, and continues to be, share ownership of the Company by the employees. The management believes employees should have a stake in the Company. Accordingly, whilst as a result of the acceleration of the vesting detailed above the Pre-IPO Share Award Plan will be terminated, the Company will continue with the strategy of share based incentives and will maintain the other share based remuneration schemes currently in place.

**Definitions:**

“Award Shares”	the Shares awarded to the Beneficiaries under the Pre-IPO Share Reward Plan
“Beneficiaries”	certain officers and employees of the Group to whom the Award Shares have been awarded, and who remain as officers and employees of the Group as at 31st December, 2004, and “Beneficiary” shall be construed accordingly
“Board” and “Directors”	the board of directors of the Company, and “Directors” shall be construed accordingly
“Company”	Solomon Systech (International) Limited, incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange
“First Batch Shares”	the 29,460,000 Award Shares, representing 40% of all the Award Shares
“Group”	the Company and its subsidiaries
“HKFRS2”	the Hong Kong Financial Reporting Standards No. 2
“Listing”	the listing of the Shares on the Stock Exchange of Hong Kong
“Lock-up Period”	the period from 31st December, 2004 to (and including) 18th March, 2006
“Pre-IPO Share Reward Plan”	the pre-IPO share reward plan adopted by the Board on 19th March, 2004 for the purpose of making share awards to the employees of the Group prior to the Listing
“Prospectus”	the prospectus issued by the Company on 25th March, 2004 in relation to the Listing

“Remuneration Committee”	the remuneration committee of the Company (the majority of whose members comprises the independent non-executive Directors), delegated by the Board with, inter alia, the administration of the Pre-IPO Share Reward Plan
“Second Batch Shares”	the 44,190,000 Award Shares, representing 60% of all the Award Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Share Award Plan”	The share award plan adopted by the Board on 19th March, 2004 for the purpose of making share awards to the employees of the Group following the listing of the Company on Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**SOLOMON SYSTECH (INTERNATIONAL) LIMITED**  
**LEUNG Kwong Wai**  
*Managing Director*

Hong Kong, 3rd December, 2004

*As at the date of this announcement, the Board comprises the following Directors: Leung Kwong Wai, Huang Hsing-Hua, Lo Wai Ming, Lai Woon Ching, Lam Pak-Lee, Chang Ching-Yi, Steven, Wong Yuet Leung, Frankie, Choy Kwok Hung, Patrick, Patrick Sun and Kao Kuen, Charles.*

*This announcement can also be accessed through our web site at [www.solomon-systech.com](http://www.solomon-systech.com).*