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If you have sold or transferred all your shares in Solomon Systech (International) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other registered dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SOLOMON
SYSTECH**

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2878)

**GENERAL MANDATES TO REPURCHASE SHARES AND
ISSUE NEW SHARES AND
AMENDMENTS TO ARTICLES OF ASSOCIATION AND
RE-ELECTION OF DIRECTORS**

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening an Annual General Meeting of Solomon Systech (International) Limited (the "Company") to be held at Hennessy Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 27 April 2006 at 4:00 p.m. is set out on pages 14 to 18 of this circular. Whether or not you are able to attend the Annual General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof if they so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held on Thursday, 27 April 2006 at Hennessy Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong at 4:00 p.m. or any adjournment thereof, to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 14 to 18 of this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Company”	Solomon Systech (International) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	17 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers, as amended from time to time



**SOLOMON
SYSTECH**

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:

Leung Kwong Wai (*Managing Director*)
Huang Hsing Hua
Lai Woon Ching
Lo Wai Ming
Lam Pak Lee* (*Non-executive Chairman*)
Chang Ching Yi, Steven*
Wong Yuet Leung, Frankie*
Choy Kwok Hung, Patrick**
Sun, Patrick**
Kao Kuen, Charles**

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

Registered office:

P.O. Box
309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

*Principal place of business
in Hong Kong:*

6/F, No.3
Science Park East Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

24 March 2006

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES AND
ISSUE NEW SHARES AND
AMENDMENTS TO ARTICLES OF ASSOCIATION AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the General Mandate Resolutions to be proposed at the Annual General Meeting relating to (i) the approval of the granting

LETTER FROM THE BOARD

of general mandates to repurchase the Company's own fully-paid up Shares and to issue new Shares; (ii) the amendments to the current Articles of Association of the Company; and (iii) the re-election of the directors.

II. GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE NEW SHARES

1. Buyback and Issuance Mandates

At the last Annual General Meeting of the Company held on 8 April 2005, general mandates were given to the Directors to exercise the powers of the Company to repurchase Shares of the Company and to issue new Shares of the Company respectively. Such mandates will lapse at the conclusion of the Annual General Meeting and therefore, ordinary resolutions will be proposed at the Annual General Meeting to approve the grant of new general mandates to the Directors as follows:

- (a) to purchase Shares of the Company on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing such resolution at the Annual General Meeting (the "Buyback Mandate");
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution at the Annual General Meeting (the "Issuance Mandate"); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in Ordinary Resolution No. 5 set out in the notice of the Annual General Meeting.

Shareholders should refer to the Explanatory Statement contained in Appendix A of this circular which sets out further information in relation to the proposed Buyback Mandate.

III. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Listing Rules have recently been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices (the "CG Code") and adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1 January 2005.

LETTER FROM THE BOARD

To align the Articles of Association of the Company with certain provisions of the CG Code and the minor and housekeeping amendments to the Listing rules that come into effect on 1 March 2006, the Directors propose to seek approval from the shareholders at the Annual General Meeting on the amendments of the current Articles. A summary of the proposed amendments are set out as follows:

- (i) Article 2 under the Interpretation of “subsidiary and holding company” which shall be amended to provide that the definition of “subsidiary” shall have the meanings attributed/interpreted in accordance with the definition of such term under the Listing Rules as amended from time to time;
- (ii) Article 76 shall be amended to provide that the chairman of general meetings must demand voting by way of a poll where required under the Listing Rules;
- (iii) Article 112 shall be amended to provide that every Director shall be subject to retirement by rotation at least once every three years;
- (iv) Article 115 shall be amended to provide that any Director appointed to fill a casual vacancy or as an addition to the Board shall be subject to re-election by shareholders at the first general meeting after the appointment instead of the next following annual general meeting after the appointment; and
- (v) Article 118(a) shall be amended to provide that a director may be removed by an ordinary resolution in general meeting instead of a special resolution.

The full text of the special resolution containing details of the proposed amendments to the Articles is set out as Resolution 6 in the notice of the Annual General Meeting set out on pages 14 to 18 of this circular.

IV. RE-ELECTION OF THE DIRECTORS

In accordance with the Article 112 of the Company, Mr Lai Woon Ching, Mr Lo Wai Ming and Mr Lam Pak Lee (*Non-executive Chairman of the Board*), directors of the Company, will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting. Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix C to this circular.

V. ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 14 to 18 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Issuance Mandate, the Buyback Mandate and the mandate to issue and allot new Shares up to the number of Shares repurchased pursuant to the Buyback Mandate and the amendments to the Articles of Association and the re-election of Directors.

LETTER FROM THE BOARD

The procedure by which Shareholders of the Company may demand a poll at a general meeting of the Company is set out in Appendix B of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Registrar not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meeting thereof should you so wish.

VI. RECOMMENDATIONS

The Directors are of the opinion that the grant of the Buyback Mandate, the Issuance Mandate, the mandates to issue and allot new Shares up to the number of Shares repurchased pursuant to the Buyback Mandate, the amendments to the Articles of Association and the re-election of directors are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting on the terms set out in the notice of that meeting.

VII. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix A (Explanatory Statement on the Buyback Mandate), Appendix B (Procedures by which Shareholders may demand a poll at a general meeting pursuant to the Articles of Association) and Appendix C (Details of Directors proposed to be re-elected at Annual General Meeting) to this circular.

Yours faithfully,
For and on behalf of
Solomon Systech (International) Limited
Leung Kwong Wai
Managing Director

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Buyback Mandate to be proposed at the Annual General Meeting.

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their fully-paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Share Capital

As at the Latest Practicable Date, the issued share capital of the Company was HK\$251,115,435.10 comprising of 2,511,154,351 shares of HK\$0.10 each. Subject to the passing of ordinary resolution No. 5 set out in the notice of the Annual General Meeting and on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting. Exercise in full of the Buyback Mandate could accordingly result in up to 251,115,435 fully paid up Shares being repurchased by the Company during the period in which the Buyback Mandate remains in force.

(b) Reasons for share buyback

The Directors believe that the proposed Buyback Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value and/or earnings per share of the Company. The Directors are seeking the grant of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

(c) Funding of Repurchases

Repurchases must be financed out of funds which are legally available for such purpose in accordance with the Memorandum and Articles of Association of the Company, the Listing Rules, the applicable laws of the Cayman Islands and any other applicable laws. The Company intends to use profits of the Company or the proceeds of a fresh issue of shares made for the purposes of the repurchases, which will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

There might be an adverse impact on the working capital or gearing position of the Company in the event that share repurchases pursuant to the Buyback Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company unless the Directors consider that such purchases are in the best interests of the Company.

(d) Market Price of Shares

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares Prices (per share)	
	Highest HK\$	Lowest HK\$
2005		
March	2.600	2.225
April	2.800	2.350
May	2.900	2.500
June	2.900	2.625
July	2.750	2.275
August	2.525	2.100
September	2.875	2.200
October	3.100	2.675
November	3.200	2.825
December	3.475	3.000
2006		
January	3.850	3.200
February	3.975	3.475

(e) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company in the event that the Buyback Mandate is approved by the Shareholders.

No connected person (as defined in the 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 Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the Buyback Mandate in accordance with the Listing Rules, the Articles of the Company and the applicable laws of the Cayman Islands.

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following substantial shareholders as defined in the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”) have or are taken to have interests under the SFO representing such percentages as set out respectively in the third and fourth columns of the following table:

Name of Substantial shareholders	No. of Shares interested	Percentage of Shareholding in the Company	
		At present	If power is exercised in full to repurchase shares
Commonwealth Bank of Australia	176,081,865	7.01%	7.79%
Genesis Fund Managers, LLP	152,414,000	6.07%	6.74%
JPMorgan Chase & Co.	154,805,635	6.16%	6.84%

On the basis that no further Shares are issued or repurchased prior to the Annual General meeting, in the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the interests of the above substantial shareholders would be increased to such percentages of the issued share capital of the Company as set out in the fourth column of the above table. The Directors will not make repurchase of Shares if the result of the repurchase would be that less than 25% of the issued share capital of the Company would be in public hands. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Buyback Mandate.

The Company has not repurchased any of its Shares in the previous six months (whether on the Stock Exchange or otherwise) up to the Latest Practicable Date.

**APPENDIX B PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL AT A
GENERAL MEETING PURSUANT TO THE ARTICLES OF ASSOCIATION**

According to the Company's Articles of Association, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person or in the case of a corporation, by its duly authorised representative or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Stated below are the details of the following directors who will retire and be eligible for re-election at the Annual General Meeting according to the Articles of Association of the Company:

(1) **Mr. Lai Woon Ching, aged 52, an executive Director (“Mr Lai”)**

(i) *Positions held with other members of the Company’s group*

Mr. Lai is acting as an executive Director of the Company, a Director of each of Solomon Systech Taiwan Limited, Solomon Systech (Shenzhen) Limited, Jing Guang Semiconductors (Dongguan) Limited and Cornwall International Limited.

(ii) *Previous experience including other directorships held in listed public companies in the last three years and other major appointments and qualifications*

Mr. Lai is the Quality and Manufacturing Director of Solomon Systech Limited and has over 29 years of management experience with expertise in IC production and testing. He obtained a MSC in Engineering from the Hong Kong University and qualified as a chartered electrical engineer of the Institution of Electrical Engineers.

(iii) *Length or proposed length of services with the Company*

Mr. Lai has an employment contract with Solomon Systech Limited and a service contract with the Company. The service contract starts from 25 February 2004 for a period of 3 years.

(iv) *Relationships with any directors, senior management or substantial or controlling shareholders of the Company*

Mr. Lai has no relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

(v) *Interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance*

As at the Latest Practicable Date, Mr Lai is taken to be interested in 31,041,600 shares/share options (1.24%) in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

(vi) *Director’s emoluments and the basis of determining the director’s emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the director has or does not have a service contract) and how much of these emoluments are covered by a service contract*

Mr Lai received emoluments of US\$259,000 equivalent for the year ended 31 December 2005 comprising salary, discretionary bonus which is subject to the Group's profit and individual performance, as well as other benefits including leave pay, insurance premium, allowances and pension contribution scheme under his employment contract with Solomon Systech Limited. In addition, Mr Lai also received 420,000 shares and 300,000 share options from the Company in 2005. Such emoluments are recommended by President & Managing Director and approved by Remuneration Committee. Only the basic payment and 13th month bonus are covered by the employment contract.

(vii) *Disclosure requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules*

There is no information which is discloseable nor is/was Mr Lai involved in any of the matters required to be disclosed pursuant to any of the requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(viii) There are no other matters that need to be brought to the attention of the Shareholders.

(2) **Lo Wai Ming, aged 43, an executive Director ("Mr Lo")**

(i) *Positions held with other members of the Company's group*

Mr Lo is acting as an executive Director of the Company, a Director of each of Cornway International Limited, Mentor Ventures Limited, Solomon Systech Pte. Limited, Solomon Systech Japan Company Limited and Solomon Systech (Shenzhen) Limited.

(ii) *Previous experience including other directorships held in listed public companies in the last three years and other major appointments and qualifications*

Mr Lo is the Business Operations Director of Solomon Systech Limited and is responsible for product and business development. He received a MSc in Electronics Engineering from the Hong Kong Polytechnic University and qualified as a chartered electrical engineer with the Institution of Electrical Engineers. He is also a member of the Hong Kong Institution of Engineers. Mr. Lo has 19 years of working experience in the semiconductor industry with a focus on new product and business development.

(iii) *Length or proposed length of service with the Company*

Mr Lo has an employment contract with Solomon Systech Limited and a service contract with the Company. The service contract starts from 25 February 2004 for a period of 3 years.

(iv) *Relationships with any directors, senior management or substantial or controlling shareholders of the Company*

Mr Lo has no relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

- (v) *Interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance*

As at the Latest Practicable Date, Mr Lo is taken to be interested in 32,480,000 shares/share options (1.29%) in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

- (vi) *Director's emoluments and the basis of determining the director's emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the director has or does not have a service contract) and how much of these emoluments are covered by a service contract*

Mr Lo received emoluments of US\$255,000 equivalent for the year ended 31 December 2005 comprising salary, discretionary bonus which is subject to the Group's profit and individual performance, as well as other benefits including leave pay, insurance premium, allowances and pension contribution scheme under his employment contract with Solomon Systech Limited. In addition, Mr Lo also received 420,000 shares and 300,000 share options from the Company in 2005. Such emoluments are recommended by President & Managing Director and approved by Remuneration Committee. Only the basic payment and 13th month bonus are covered by the employment contract.

- (vii) *Disclosure requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules*

There is no information which is discloseable nor is/was Mr Lo involved in any of the matters required to be disclosed pursuant to any of the requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

- (viii) There are no other matters that need to be brought to the attention of the Shareholders.

- (3) **Lam Pak Lee, aged 56, a non-executive Director ("Mr. Lam")**

- (i) *Positions held with other members of the Company's group*

Mr Lam is acting as a non-executive Director and a chairman of the Board of the Company and does not hold any position with other members of the Company's group.

- (ii) *Previous experience including other directorships held in listed public companies in the last three years and other major appointments and qualifications*

Mr Lam received his Bachelor and Master degrees from National Taiwan University and has over 25 years of management experience in PC and TFT-LCD panel manufacturing. He is the founder, Chairman and CEO of Quanta Computer Inc. and also held directorship in each of Quanta Display Inc., Quanta Storage Inc., Fubon Financial Group and Allied Material Technology Corp..

(iii) *Length or proposed length of service with the Company*

Mr Lam has a service contract with the Company starting on 25 February 2004 and was renewed in 2005 till 30 June 2006.

(iv) *Relationships with any directors, senior management or substantial or controlling shareholders of the Company*

Mr Lam has no relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

(v) *Interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance*

As at the Latest Practicable Date, Mr Lam is taken to be interested in 26,600,000 shares/share options (1.06%) in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

(vi) *Director's emoluments and the basis of determining the director's emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the director has or does not have a service contract) and how much of these emoluments are covered by a service contract*

Mr Lam received US\$19,000 as director fees together with 800,000 share options for the year ended 31 December 2005. As a non-executive chairman, Mr Lam's emolument shall be determined by the executive directors of the Company.

(vii) *Disclosure requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules*

There is no information which is discloseable nor is/was Mr Lam involved in any of the matters required to be disclosed pursuant to any of the requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(viii) *There are no other matters that need to be brought to the attention of the Shareholders.*



**SOLOMON
SYSTECH**

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2878)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Solomon Systech (International) Limited will be held at Hennessy Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 27 April 2006 at 4:00p.m. for the following purpose:

- (1) To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2005.
- (2) To declare a final dividend for the year ended 31 December 2005.
- (3) To re-elect Directors and to authorise the Board of Directors to fix the Directors' remuneration.
- (4) To consider the appointment of Auditors and to authorise the Board of Directors to fix their remuneration.
- (5) To consider as special business and, if thought fit, pass the following resolution as an Ordinary Resolution:
 - (A) **“THAT:**
 - (a) Subject to paragraphs (b) and (c) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Stock Exchange or any other stock exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall, in addition to any other authorisation given to the Directors, authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its own shares at a price to be determined by the Directors;

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of the issued shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of 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 earlier 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 law or its articles of association to be held; or
- (iii) the revocation or variation of the authority granted under this resolution by an ordinary resolution of the shareholders of the Company in general meetings.”

(B) **“THAT:**

(a) subject to paragraphs (b) and (c) below and without prejudice to the resolution numbered 5(C) set out in the notice of this Meeting, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined in resolution numbered 5(A)(d) set out in the notice of this Meeting) of all the powers of the Company to allot, issue and deal with shares in the capital of the Company or securities convertible into shares or options, warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power, be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall, in addition to any other authorisation given to the Directors, authorise the Directors during the Relevant Period to make or grant offers, agreements or options (including warrants or similar rights to subscribe for any shares in the Company) which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of securities allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval given in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of the rights of subscription or conversion under the terms of any securities or bonds which are convertible into any shares in the capital of the Company; (iii) any options

NOTICE OF ANNUAL GENERAL MEETING

granted or issue of shares under any share option scheme or similar arrangement for the time being adopted by the Company, or (iv) any scrip dividend schemes or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution: “Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the Register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(C) “**THAT** conditional upon the passing of the resolutions numbered 5(A) and 5(B) set out in the notice of this Meeting, the aggregate nominal amount of the shares in the Company which are repurchased by the Company pursuant to and in accordance with the said resolution numbered 5(A) shall be added to the aggregate nominal amount of the shares in the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally by the directors of the Company pursuant to and in accordance with the said resolution numbered 5(B).”

(6) To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

(a) Article 2 under the Interpretation “subsidiary and holding company”

By deleting the words “under Rule 1.01 of the Listing Rules” and inserting the words “under the Listing Rules as amended from time to time” after the words “in accordance with the definition of “subsidiary”” under the Interpretation of “subsidiary and holding company”.

(b) Article 76

By inserting the words “voting by way of a poll is required by the rules of the Stock Exchange or” after the words “on a show of hands unless” in the sentence of the Article 76.

NOTICE OF ANNUAL GENERAL MEETING

(c) Article 112

By deleting the existing Article 112 in its entirety and substituting therefor a new Article 112 as follows:

“112. Notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director shall retire from office at least once every three years or within such other period as the rules of the Stock Exchange may from time to time prescribe. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”

(d) Article 115

By deleting the words “the next following annual general meeting of the Company” and inserting the words “the first general meeting of the Company after his/her appointment” before the words “and shall then be eligible” in the sentence of the Article 115.

(e) Article 118(a)

By deleting the words “special resolution” as appeared in both the subject heading and the provision of Article 118(a) and replacing the same with the words “ordinary resolution”.

On behalf of the Board
Leung Kwong Wai
Managing Director

As at the date of this circular, the executive Directors are Mr Leung Kwong Wai, Mr Huang Hsing Hua, Mr Lai Woon Ching and Mr Lo Wai Ming; the non-executive Directors are Mr Lam Pak Lee, Mr Chang Ching Yi, Steven and Mr Wong Yuet Leung, Frankie; and the independent non-executive Directors are Mr Choy Kwok Hung, Patrick, Mr Sun, Patrick and Mr Kao Kuen, Charles.

Hong Kong, 24 March 2006

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) The Register of Members of the Company will be closed from Friday, 21 April 2006 to Thursday, 27 April 2006 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending the above meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 April 2006.
- (b) A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him on his behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority or other authority, must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 Hours before the time fixed for holding the Meeting or any adjourned meeting (as the case may be).
- (d) A form of proxy for use in connection with the Annual General Meeting is enclosed and such form is also published on the website of the Stock Exchange (www.hkex.com.hk).