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**SOLOMON  
SYSTECH**

**SOLOMON SYSTECH (INTERNATIONAL) LIMITED**

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

**(Stock Code: 2878)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF SUBSIDIARY – SOLOMON SYSTECH (BEIJING) LIMITED**

The Directors announce that, on 16 August 2012 (after trading hours), Solomon Systech Limited (“SSLHK”), a wholly-owned subsidiary of Solomon Systech (International) Limited (the “Company”), entered into a Sale and Purchase Agreement with Beijing Guotian Investment Limited\*\* 北京國田投資有限公司 (“GT-BJ”), (the “Purchaser”) pursuant to which SSLHK conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire 100% ownership of Solomon Systech (Beijing) Limited (“SSLBJ”) at a consideration of CNY41,460,000 (equivalent to approximately HK\$50,660,000). Upon completion (of the Disposal), SSLBJ will cease to be a subsidiary of SSLHK and the Company.

As the applicable percentage ratios set out in Chapter 14 of the Listing Rules in relation to the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**If the conditions precedent to the completion (of the Disposal) under the Agreement are not satisfied within 45 days from this Announcement date, the Disposal will lapse and will not proceed.**

**Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.**

## THE SALE AND PURCHASE AGREEMENT

### Date

16 August 2012 (after trading hours)

### Parties

The Vendor: Solomon Systech Limited, a company incorporated in Hong Kong with limited liability.

The Purchaser: Beijing Guotian Investment Limited\*\* 北京國田投資有限公司, a company incorporated in PRC with limited liability.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser (including its ultimate beneficial owners) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### Assets to be disposed

Pursuant to the Agreement, SSLHK conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire 100% ownership of SSLBJ covering all the assets and liabilities of SSLHK in SSLBJ.

Set out below is the key financial information on SSLBJ:

	Unaudited	Audited	Audited
	Six months ended	Year ended	Year ended
	30 June	31 December	31 December
	2012	2011	2010
	CNY'000	CNY'000	CNY'000
Total revenue	0	0	0
Net loss before taxation and extraordinary items	1,968	8,340	2,965
Net loss after taxation and extraordinary items	1,968	8,340	2,965
Net assets	39,083	28,459	25,360

### Consideration and the intended application of the sales proceeds

The aggregated consideration for the Disposal is CNY41,460,000 (approximately HK\$50,660,000). The sales proceeds will be used to fund the working capital of the business and to further enhance the sales network of the Group in PRC.

The Consideration was determined after arm's length negotiation between SSLHK and the Purchaser with reference to (i) net asset value; (ii) the financial performance of SSLBJ for the six months ended 30 June 2012 and each of the two years ended 31 December 2010 and 2011; and (iii) the business prospects of SSLBJ.

The Board believes the Consideration to be fair and reasonable and in the interest of the Company and Shareholders as a whole. The estimated gain on the Disposal representing the net Consideration over the estimated net book value of SSLBJ as at the tentative date of completion (of the Disposal) is approximately CNY3,400,000 (approximately HK\$4,154,000).

### **Payment terms**

The Consideration will be paid wholly in cash by the Purchaser within 14 days from the date of the Agreement and this Announcement.

### **Completion**

Completion of the Disposal is conditional upon the satisfactory receipt of the total Consideration within 14 days from the date of the Agreement and in any cases no later than 45 days from this Announcement date.

If the conditions precedent has not been fulfilled within 45 days from this Announcement date or such later date as further agreed by both parties to the Agreement, the Agreement shall be terminated and the parties shall not be bound to proceed with the Disposal except for any antecedent breaches of the Agreement.

Upon completion of the Disposal, SSLBJ will no longer be treated as a subsidiary of the Group and its financial results will cease to be consolidated into the consolidated financial statements of the Company.

### **INFORMATION ON GT-BJ**

GT-BJ is a company incorporated under the laws of the PRC on 20 April 2012. GT-BJ is an investment company focusing on high-tech industries, high-tech services and new generation display, new energy, new materials, environmental protection and energy saving products strategically supported by the PRC government pursuant to the national plan.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The principal activities of the Group consist of the design, development and sales of integrated circuits and system solutions that enable a wide range of display applications.

The Board believes that the Disposal is beneficial to the Group by allowing the Group to focus its resources on its core businesses and be released from the commitment to spending additional resources to construct an industrial-office building in Beijing. The Group will continue its display

business activities in Beijing and PRC through its established offices and sales network. In addition, GT-BJ, as a player in the new generation display industry, can be a potential business partner of the Group.

The Board is of the view that the Disposal is in the interest of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board believes that the Disposal will not give rise to any material effects on the assets and liabilities and the income statement of the Group.

### **LISTING RULES IMPLICATION**

As the relevant applicable percentage ratios calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

“Agreement”	the Sales & Purchases Agreement dated 16 August 2012 entered into between the SSLHK and the Purchaser in relation to the Disposal of SSLBJ
“Board”	the board of Directors
“CNY”	Chinese Yuan / Reminbi, the lawful currency of the PRC
“GT-BJ”	Beijing Guotian Investment Limited** 北京國田投資有限公司, a company incorporated in PRC with limited liability on 20 April 2012 and whose shareholders are all natural persons in PRC
“Company”	Solomon Systech (International) Limited, a company incorporated in Cayman Islands with limited liability and whose shares are listed and traded on the main board of the Stock Exchange.
“Completion”	Within 14 days from the date of Agreement and this Announcement
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	CNY41,460,000 in the form of cash
“Director(s)”	director(s) of the Company (including independent non-executive directors)
“Disposal”	the selling of the entire 100% ownership of SSLHK in SSLBJ
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	The People’s Republic of China
SSLBJ	Solomon Systech (Beijing) Limited, a company incorporated in PRC with limited liability and is the wholly-owned subsidiary of SSLHK
SSLHK	Solomon Systech Limited, a company incorporated in Hong Kong with limited liability and is the major wholly-owned subsidiary of the Company
“Share(s)”	Ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

\*\* for identification purpose

Exchange rates used: HK\$100 = RMB81.84 and US\$1 = RMB6.37

For and on behalf of the Board  
**Solomon Systech (International) Limited**  
**Leung Kwong Wai**  
Managing Director

Hong Kong, 16 August 2012

*As at the date of this announcement, the Board comprises (a) Executive Directors - Dr. LEUNG Kwong Wai (Managing Director) and Mr. LAI Woon Ching; (b) Non-executive Directors - Dr. LAM Pak Lee (Mr. SHEU Wei Fu as his alternate), Mr. LI Xiaochun, Mr. LAI Weide and Mr. ZHAO Guiwu; and (c) Independent Non-executive Directors - Mr. SUN, Patrick (Chairman), Mr. CHOY Kwok Hung, Patrick, Mr. WONG Yuet Leung, Frankie and Mr. YIU Joseph Tin-chong.*