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SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2878)

**CONTINUING CONNECTED TRANSACTION
Sales of Semiconductor IC Products to Panda-FPD**

INTRODUCTION

The Board is pleased to announce that the Company has entered into a master agreement (“Agreement”) with Panda-FPD to cover continuing connected transactions for years 2015 to 2017, with annual caps of US\$20 million, US\$24 million and US\$60 million, respectively.

LISTING RULES IMPLICATIONS

The Company understands that China Electronic Corporation** 中國電子信息產業集團有限公司 (“CEC”), a substantial shareholder and connected person of the Company, is a state-owned information technology conglomerate directly under the administration of the central government of the PRC and that CEC is the ultimate controlling shareholder of Huadong Electronics.

Panda-FPD is a subsidiary of Huadong Electronics. Panda-FPD is therefore an associate of CEC and a connected person of the Company. Accordingly, the sales transactions between the Group and Panda-FPD pursuant to the Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios for the sales transactions under the Agreement exceed 5% and HK\$10 million, the CCT is subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

DETAILS OF THE CCT

Date

15 April 2015

Parties

Panda-FPD and the Company.

Nature of Transaction

The sales of the Products by the Group to Panda-FPD.

Term

Starting on 15 April 2015 and ending on 31 December 2017, subject to the approval by the Independent Shareholders.

Pricing Base and Policy

The Group shall supply the Products to Panda-FPD at market price. The prices for the Products shall be determined fairly in accordance with costs, resources and technology with reference to market practices and prices; while Panda-FPD shall purchase the Products of the Group at prevailing market prices for similar products having taken into account the technology and quality of the products.

Each party shall exercise its rights and comply with its obligations as stipulated in the Agreement, relevant purchase orders or other related contracts.

Annual Caps

The Products are under the design and qualification stage and there is no sales yet up to the date of this announcement.

The Annual Caps proposed for years 2015, 2016 and 2017 are US\$20 million, US\$24 million and US\$60 million, respectively ^(note). All the Annual Caps are estimated with reference to the forecasted selling prices of the Products, possible price erosion of such Products as well as the expected demand for the Products.

Note: The Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

REASONS AND BENEFITS OF THE AGREEMENT

Pursuant to the announcement made by Huadong Electronics on 9 October 2014 at the Shenzhen Stock Exchange in connection with the new 8.5G factory in Nanjing, Panda-FPD has recognised the Group as a qualified supplier of competitive products to meet the needs of its business. Through the Agreement, the Group can enrich its customer portfolio with a new and high volume customer. Accordingly, the Group is able to further enhance the business development of its driver ICs. In addition, the Agreement can further strengthen the business relationship between the Group and various subsidiaries under CEC.

APPROVAL

The prices of the Products will effectively be determined by an arm's length negotiation with the relevant purchaser considering the technology and quality of the Products and the volume of the Products to be purchased. The Group will regularly review, monitor and benchmark with industry the gross profit margin in respect of the sales of the Products. The Board considers that the said methods and procedures can ensure that the engagement be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

Accordingly, the Directors (excluding the Independent Non-executive Directors) consider that it is in the interests of the Group to enter into the Agreement to cover years 2015 to 2017 with the respective Annual Caps and that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Non-executive Directors will express their views on the CCT to the Independent Shareholders after considering the advice from Gram Capital.

The CCT was approved by the Board on 15 April 2015, with Dr. Li Jun, Mr. Li Rongxin and Mr. Zhao Guiwu, who are directors or officers of CEC group, abstaining from voting on the relevant resolutions of the Board.

CEC and its associates will be required to abstain from voting at the shareholder's meeting on the resolutions to be proposed in relation to the CCT.

GENERAL

An Independent Board Committee will be established to advise the Independent Shareholders in respect of the CCT. Gram Capital Limited has been appointed as the Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders on the CCT.

A circular containing, among other things, (a) further details of the Annual Caps and the CCT; (b) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders containing its advice on the CCT; (c) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the CCT; and (d) a notice of the General Meeting, will be dispatched to the Shareholders no later than 15 business days after the publication of this announcement in accordance with the relevant requirements of the Listing Rules.

INFORMATION ON THE CONNECTED PARTIES

Panda-FPD is principally engaged in the manufacturing of LCD panels and modules. Its major products include panels and modules for LCD monitors and televisions. A new 8.5G factory has been recently constructed and is scheduled to be under pilot production in first half of 2015.

Huadong Electronics is principally engaged in related electronics manufacturing. Its business portfolio covers quartz crystal, touch control display, magnetic materials and vacuum electronics industries. CEC is the ultimate controlling shareholder of Huadong Electronics.

INFORMATION ON THE GROUP

The Group is principally engaged in the design, development and sales of proprietary IC products and system solutions that enable a wide range of display applications for smartphones, smart TVs and other smart devices including consumer electronics products, portable devices, industrial appliances and green energy applications.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, terms used in this announcement shall have the meanings set out below:

“8.5G”	The 8.5th Generation TFT-LCD devices
“Agreement”	the master agreement dated 15 April 2015 entered into between the Company and Panda-FPD for the CCT
“Annual Cap(s)”	the proposed annual caps of the CCT applicable to years 2015, 2016 and 2017 respectively
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CCT”	the continuing connected transaction under the Agreement, details of which are set out in the section headed “Details of the CCT” in this announcement
“CEC”	China Electronics Corporation** 中國電子信息產業集團有限公司, a state-owned information technology conglomerate under the administration of the central government of the PRC, a substantial shareholder of the Company
“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. Shares of the Company are ordinary shares of HK\$0.10 each in the share capital of the Company
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company (including Independent Non-executive Directors)
“General Meeting”	the general meeting of the Company to be convened for the approval of, inter alia, the Agreement and the CCT
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT
“Group”	the Company and its subsidiaries
“HK” / “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	HK dollars, the lawful currency of HK
“Huadong Electronics”	Nanjing Huadong Electronics Information & Technology Co., Ltd.** 南京華東電子信息科技股份有限公司, a company established in the PRC with limited liability and whose shares are listed and traded on Shenzhen Stock Exchange. It is also the major shareholder of Panda-FPD.

“IC”	Integrated circuits
“Independent Board Committee”	an independent committee of the Board comprising all Independent Non-executive Directors, namely Messrs. Sun, Patrick, Choy Kwok Hung, Patrick, Leung Heung Ying, Sheu Wei Fu and Yiu Tin Chong, Joseph
“Independent Shareholders”	Shareholders other than CEC, Huadong Electronics, Panda-FPD and their associates
“LCD”	liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Panda-FPD”	Nanjing CEC Panda Flat Panel Display Technology Co., Ltd.** 南京中電熊貓平板顯示科技有限公司, a company established in the PRC with limited liability and is a subsidiary of Huadong Electronics
“PRC”	the People’s Republic of China
“Products”	Semiconductor IC products
“SFO”	Securities Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the shares(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“US\$”	the United States Dollars, the lawful currency of the United States of America
“Transactions”	the CCT of the Group with Panda-FPD as contemplated under the Agreement

** for identification purposes only

By Order of the Board
SOLOMON SYSTECH (INTERNATIONAL) LIMITED
 FUNG Lui Kit Har, Keziah
 Company Secretary

Hong Kong, 15 April 2015

As at the date of this announcement, the Board comprises: (a) Executive Directors – Dr. LEUNG Kwong Wai (Managing Director) and Mr. CHEUNG Wai Kuen, Kenny; (b) Non-executive Directors – Dr. LI Jun, Mr. LI Rongxin and Mr. ZHAO Guiwu; and (c) Independent Non-executive Directors – Mr. SUN, Patrick (Chairman), Mr. CHOY Kwok Hung, Patrick, Mr. LEUNG Heung Ying, Mr. SHEU Wei Fu and Mr. YIU Tin Chong, Joseph.