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**SOLOMON
SYSTECH**

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2878)

DISCLOSEABLE TRANSACTION

DISPOSALS OF APT SHARES

THE DISPOSALS

The Board is pleased to announce that on 8 June 2018, the Seller (a wholly owned subsidiary of the Company) has entered into the Agreements with the Purchasers (all being Independent Third Parties) and APT (as the case may be) pursuant to which the Seller has agreed to sell and the Purchasers have agreed to purchase an aggregate of 841,469 APT Shares (representing approximately 7.34% of the issued share capital of APT) at an aggregate consideration of HK\$36,890,000.96.

LISTING RULES IMPLICATIONS

The Disposals, on an aggregate basis, constitute a discloseable transaction of the Company as certain of the applicable percentage ratios exceed 5% but are less than 25%.

A. INTRODUCTION

The Board is pleased to announce that on 8 June 2018, the Seller (a wholly owned subsidiary of the Company) has entered into the Agreements with the Purchasers (all being Independent Third Parties) and APT (as the case may be) pursuant to which the Seller has agreed to sell and the Purchasers have agreed to purchase an aggregate of 841,469 APT Shares (representing approximately 7.34% of the issued share capital of APT) at an aggregate consideration of HK\$36,890,000.96.

B. THE AGREEMENTS

A summary of the salient terms of the Agreements is set out below:

(i) Agreement I

Date:

8 June 2018

Parties:

- (a) The Seller (as seller)
- (b) Mr. Xiao Guowei (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Mr. Xiao Guowei is an Independent Third Party.

Subject matter:

573,000 APT Shares, representing approximately 5.00% of the issued share capital of APT.

Consideration:

HK\$25,120,320.00, which shall be settled by the said Purchaser in cash at completion. It is expected to occur within 21 days from the date of Agreement I.

Basis of determination of consideration:

The said consideration was determined after arm's length negotiations between the Company and the said Purchaser, on the basis of HK\$43.84 per APT Share, taking into account, among others, the audited consolidated net asset value of APT as at 31 December 2016 in the amount of HK\$451 million and the initial investment amount of the Company in APT of US\$4.7 million (equivalent to approximately HK\$36.4 million).

(ii) Agreement II

Date:

8 June 2018

Parties:

- (a) The Seller (as seller)
- (b) Lighting Investment Corporation (as purchaser)
- (c) APT

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Lighting Investment Corporation and its ultimate beneficial owner(s) are Independent Third Parties. The Company understands that Lighting Investment Corporation is principally engaged in the businesses of investment holding and management. Please refer to the section headed "D. Information on APT" for the details of APT.

Subject matter:

190,000 APT Shares, representing approximately 1.66% of the issued share capital of APT.

Consideration:

HK\$8,329,600.00, which shall be settled by the said Purchaser in cash on the fifth business day (being a day on which banks are generally open for business in Hong Kong, except a Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) after the later of (i) the Purchaser having obtained the approval from the Ministry of Economic Affairs Investment Commission of Taiwan in respect of the transaction under Agreement II; and (ii) APT having confirmed the Purchaser in writing in respect of its preparation of (a) a certified true copy of the most recent management accounts of APT and a statement on whether APT has acquired any landed property, rights to acquire landed property or investments since the date of the said management accounts, and if so, with a schedule of property; and (b) a certified true copy of the written resolutions of the board of directors of APT, approving the transfer of the APT Shares under Agreement II and the issue of the relevant new share certificate, or as otherwise agreed in writing by all parties under Agreement II.

Basis of determination of consideration:

Please refer to the section headed "B. (i) Agreement I – Basis of determination of consideration" above.

(iii) Agreement III

Date:

8 June 2018

Parties:

- (a) The Seller (as seller)
- (b) Giant Power Limited (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Giant Power Limited and its ultimate beneficial owner(s) are Independent Third Parties. The Company understands that Giant Power Limited is principally engaged in the businesses of investment holding and management.

Subject matter:

58,469 APT Shares, representing approximately 0.51% of the issued share capital of APT.

Consideration:

HK\$2,563,280.96, which shall be settled by the said Purchaser in cash at completion, which is expected to occur within 21 days from the date of Agreement III.

Basis of determination of consideration:

Please refer to the section headed "B. (i) Agreement I – Basis of determination of consideration" above.

(iv) Agreement IV

Date:

8 June 2018

Parties:

- (a) The Seller (as seller)
- (b) Grand Cypress Investment Co., Ltd. (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Grand Cypress Investment Co., Ltd. and its ultimate beneficial owner(s) are Independent Third Parties. The Company understands that Grand Cypress Investment Co., Ltd. is principally engaged in the businesses of investment holding and management.

Subject matter:

14,000 APT Shares, representing approximately 0.12% of the issued share capital of APT.

Consideration:

HK\$613,760.00, which shall be settled by the said Purchaser in cash at completion, which is expected to occur within 21 days from the date of Agreement IV.

Basis of determination of consideration:

Please refer to the section headed “B. (i) Agreement I – Basis of determination of consideration” above.

(v) Agreement V

Date:

8 June 2018

Parties:

- (a) The Seller (as seller)
- (b) Unimode Investment Co., Ltd. (as purchaser)

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Unimode Investment Co., Ltd. and its ultimate beneficial owner(s) are Independent Third Parties. The Company understands that Unimode Investment Co., Ltd. is principally engaged in the businesses of investment holding and management.

Subject matter:

6,000 APT Shares, representing approximately 0.05% of the issued share capital of APT.

Consideration:

HK\$263,040.00, which shall be settled by the said Purchaser in cash at completion, which is expected to occur within 21 days from the date of Agreement V.

Basis of determination of consideration:

Please refer to the section headed “B. (i) Agreement I – Basis of determination of consideration” above.

C. REASONS FOR AND BENEFITS OF THE DISPOSALS

As disclosed in the announcement of the Company dated 5 August 2008, the Company invested in APT with the view to extending its display applications to solid-state lighting and signage products (including high-brightness light emitting devices which were the key products of APT). These were the key applications for the Company's LED lighting related driver ICs and power module solutions business (“**Green Power Business**”). In light of the subsequent slow growth and small volume of the Green Power Business, the Company decided to focus on products with higher growth and higher volume applications, including smartphones, wearables, connected home devices, etc. Accordingly, the original plan of investing in APT, which was expected to bring benefits to the Company's Green Power Business, was no longer valid. Having held the APT Shares for a number of years as a long-term investment, the Company is now offered an opportunity to dispose of the APT Shares, which is expected to provide a decent book profit to the Company and a means to improving its working capital.

The Directors (including the independent non-executive Directors) are of the view that the Disposals are fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Disposals and have abstained from voting on the resolution(s) passed by the Board in respect of the Disposals.

Subject to audit, the Group expects to record a net gain of approximately US\$2.5 million (equivalent to approximately HK\$19.4 million) arising from the Disposals based on the difference between (i) the aggregate considerations for the Disposals and (ii) the net carrying value of the asset represented by the APT Shares to be sold by the Seller under the Disposals. The Group expects that the net gain to be recognised in the income statement will be the same as the net gain disclosed above.

The Group intends to use the proceeds of the Disposals for its general working capital purpose.

D. INFORMATION ON APT

APT is a company incorporated in Hong Kong and is principally engaged in investment holding and indent trading of raw materials and machines. Its principal subsidiary, being held as to approximately 75%, is engaged in manufacturing and trading of electronic products in the PRC.

Prior to completion of the Disposals, the Company, through the Seller (being its wholly owned subsidiary), holds 841,469 APT Shares, representing approximately 7.34% of the issued share capital of APT. After completion of the Disposals, the Group shall cease to have any interest in APT.

Set out below is certain consolidated financial information of APT (prepared in accordance with the HKFRS and in compliance with the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong)), for each of the financial years ended 31 December 2015 (audited) and 31 December 2016 (audited), respectively, and the year ended 31 December 2017 (unaudited):

	For the year ended 31 December		
	2015 <i>(audited)</i> <i>HK\$'000</i>	2016 <i>(audited)</i> <i>HK\$'000</i>	2017 <i>(unaudited)</i> <i>HK\$'000</i>
Profit/(loss) before taxation	(4,338)	50,582	75,616
Profit after taxation	5,525	41,478	66,333

According to the unaudited management accounts of APT for the year ended 31 December 2017, the unaudited consolidated net asset value of APT as at 31 December 2017 was approximately HK\$707 million.

E. INFORMATION ON THE GROUP

The Group is principally engaged in the design, development and sales of proprietary integrated circuits 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.

The Seller (being a wholly owned subsidiary of the Company) is principally engaged in investment holding.

F. LISTING RULES IMPLICATIONS

The Disposals, on an aggregate basis, constitute a discloseable transaction of the Company as certain of the applicable percentage ratios exceed 5% but are less than 25%.

G. DEFINITIONS

“Agreements”	the shares sale and purchase agreements between the Seller and the Purchasers as set out under the section headed “B. The Agreements” in this announcement, being Agreement I, Agreement II, Agreement III, Agreement IV and Agreement V; and “Agreement” means any one of them
“APT”	Advanced Photoelectronic Technology Limited, a company incorporated in Hong Kong with limited liability
“APT Shares”	the ordinary shares in the capital of APT

“Board”	the board of Directors
“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
“Disposals”	the disposals of the APT Shares pursuant to the Agreements; and “Disposal” means any one of them
“Green Power Business”	has the meaning as ascribed to it under the section headed “C. Reasons for and benefits of the Disposals” in this announcement
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IC”	integrated circuit
“Independent Third Party(ies)”	any person, persons, company or companies which is or are third party(ies) independent of the Company and its connected persons
“LED”	light emitting diode
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchasers”	the purchasers of APT Shares pursuant to the Agreements; and “Purchaser” means any one of them

“Seller”	Broadwood Global Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the United States Dollars, the lawful currency of the United States of America

By Order of the Board
SOLOMON SYSTECH (INTERNATIONAL) LIMITED
NG Sui Wa
Company Secretary

Hong Kong, 8 June 2018

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00=HK\$7.75 has been used for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

As at the date of this announcement, the Board comprises: (a) Executive Directors – Dr. Yeh Tsuei Chi (Chief Executive Officer) and Mr. Lo Wai Ming; (b) Non-executive Directors – Mr. Li Rongxin (Chairman), Dr. Li Jun and Mr. Ma Yuchuan; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Mr. Yiu Tin Chong, Joseph.