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**SOLOMON SYSTECH (INTERNATIONAL) LIMITED**

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

**(Stock Code: 2878)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION**

The Directors announce that, on 5 August 2008, the Subscriber, a wholly-owned subsidiary of the Company, entered into the Agreement with, inter alia, Advanced Packaging Technology Limited ("APT"), pursuant to which the Subscriber subscribed for 841,469 new shares of APT, representing approximately 21.6% of the issued share capital of APT (as enlarged by the issue of the New APT Shares and the Other New Shares) at a consideration of US\$4,700,000. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, APT and the Existing Shareholders (including the Other Subscribers) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

As one of the relevant percentage ratios set out in Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing, among others, further information of the Subscription will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

**THE AGREEMENT**

**Date:** 5 August 2008

**Parties:**

Subject company: Advanced Packaging Technology Limited (APT), which is engaged in the development, manufacturing and sale of high-brightness light-emitting devices, advanced integrated circuit products, and the research, development, consultancy work pertaining to the aforesaid products. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, APT and the Existing Shareholders are third parties

independent of the Company and its connected persons (as defined under the Listing Rules). Other Subscribers: Two Existing Shareholders. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Other Subscribers (being among the Existing Shareholders) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Subscriber: Broadwood Global Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The principal business of the Subscriber is investment holding.

**Asset acquired:**

The Subscriber subscribed for 841,469 new shares of APT. Before the issue of the New APT Shares and the Other New Shares, APT had 2,512,740 ordinary shares in issue.

As a result of the Subscription, the Subscriber will hold approximately 21.6% of the issued share capital of APT (as enlarged by the issue of the New APT Shares and Other New Shares, assuming that the Other Subscribers will complete their respective subscription of shares in accordance with the Agreement), and APT will become an associated company of the Group.

**Consideration:**

US\$4,700,000

The Consideration was determined after arm's length negotiation between APT and the Subscriber. In arriving at the Consideration, the Directors also considered (i) the emerging trends of solid-state lighting and signage products (including high-brightness light emitting devices), and the related opportunities, which products are an extension of the Group's display applications, and the fact that APT was engaged in the development, manufacturing and sale of high-brightness lighting emitting devices based on its proprietary technology, thus the potential benefit that the Subscription and the Group's future collaboration with APT would bring to the Group; and (ii) the future capital expenditure requirements of APT. The Directors of the Company believe the Consideration to be fair and reasonable. The Other Subscribers are subscribing for the Other New Shares at the same per share price as the Subscriber.

**Payment terms:**

The Subscriber has paid the Consideration to APT in full upon the execution of the Agreement.

**Funding:**

The Consideration was satisfied by the Subscriber from the Company's internal resources.

## Completion:

The Subscription was completed on 5 August 2008 simultaneously with the execution of the Agreement. The Subscriber is entitled to designate a director to APT's board of directors, which comprises five members including the director designated by the Subscriber.

## INFORMATION ON APT

APT is a limited liability company formed under the laws of Hong Kong on 17 February 2003. It is engaging in the development, manufacturing and sale of high-brightness light-emitting devices, advanced integrated circuit products, and the research, development, consultancy work pertaining to the aforesaid products.

Certain consolidated financial information of APT is set out below:

	<i>For the year ended 31 March 2006 (audited) (HK\$)</i>	<i>For the 9 months*ended 31 December 2006 (audited) (HK\$)</i>	<i>For the year ended 31 December 2007 (audited) (HK\$)</i>	<i>For the 6 months ended 30 June 2008 (unaudited) (HK\$)</i>
<b>Total revenue</b>	341,115	687,717	1,134,716	108,663
<b>Net profit /(loss) before taxation and extraordinary items</b>	(1,956,491)	(1,703,574)	(4,376,380)	(5,502,388)
<b>Net profit /(loss) after taxation and extraordinary items</b>	(1,608,867)	(1,309,696)	(3,338,597)	(5,502,388)
<b>Net (liabilities)/assets</b>	2,553,623	41,682,515	39,326,929	33,334,179

\* In 2006, API changed its financial year end from 31 March to 31 December. As such, the consolidated financial information of API for the year ended 31 December 2006 is for 9 months only.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The principal activities of the Group consist of the design, development, manufacturing and sales of integrated circuits and system solutions for display applications.

The Board constantly reviews the Company's business strategy in maximizing the value of the Group and continues to explore business opportunities. With regard to the Subscription, the Company considered the emerging trends of solid-state lighting and signage products (including high-brightness light emitting devices), and the related opportunities, which products are an extension of the Group's display applications. As APT is engaged in the

development, manufacturing and sales of high-brightness lighting emitting devices based on its proprietary technology, the Directors believe that as a result of the Subscription and through working with APT, the Group will benefit from the growing solid-state lighting and signage industry.

The Board is of the view that the Subscription 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 interest of the Company and the Shareholders as a whole.

## **GENERAL**

### **Requirements of the Listing Rules:**

As one of the relevant percentage ratios set out in Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Connection between the parties:**

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, APT and the Existing Shareholders (including the Other Subscribers) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Information for shareholders:**

A circular containing, among others, further information of the Subscription will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

## **DEFINITIONS**

“Subscription”	the subscription of the New APT Shares by the Subscriber pursuant to the Agreement
“Agreement”	the subscription agreement of the New APT Shares and Other New Shares dated 5 August 2008 and entered into between the Subscriber, the Other Subscribers and APT in relation to the Subscription
“APT”	Advanced Packaging Technology Limited, a limited liability company formed under the laws of Hong Kong
“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

“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	US\$4,700,000
“Director(s)”	director(s) of the Company (including independent non-executive directors)
“Existing Shareholders”	the existing shareholders of APT prior to the Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
"New APT Shares"	the 841,469 new shares to be issued by APT to the Subscriber under the Agreement
"Other New Shares"	the other 537,108 new shares to be issued to the Other Subscribers by APT under the Agreement
"Other Subscribers"	the other two subscribers, being Existing Shareholders of APT, that subscribe for the Other New Shares under the Agreement
“Subscriber”	Broadwood Global Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollars, the lawful currency of the United States of America

By Order of the Board  
**Solomon Systech (International) Limited**  
Leung Kwong Wai  
Managing Director

HONG KONG, 7 August 2008

*As at the date of this announcement, the Board comprises (a) Executive Directors - Mr Leung Kwong Wai (Managing Director), Mr Huang Hsing Hua, Mr Lai Woon Ching, Mr Lam Shun Fu, Percy and Mr Lo Wai Ming (b) Non-executive Directors - Mr Chang Ching Yi, Steven, Dr Lam Pak Lee and Mr Sheu Wei Fu (alternate to Dr Lam Pak Lee) (c) Independent Non-executive Directors - Mr Sun, Patrick (Chairman), Mr Choy Kwok Hung, Patrick and Mr Wong Yuet Leung, Frankie.*