
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Solomon Systech (International) Limited**, you should at once hand this circular 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)

DISCLOSEABLE TRANSACTION

A letter from the Board is set out on pages 3 to 6 of this circular.

20 August 2008

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DEFINITIONS

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

“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 incorporated in Hong Kong under the Companies Ordinance on 17 February 2003
“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
“Latest Practical Date”	20 August 2008, 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, as amended from time to time
“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

DEFINITIONS

“Other Subscribers”	the other two subscribers, being Existing Shareholders of APT, that subscribe for the Other New Shares under the Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Award Plan”	The employee incentive plan adopted by the Company pursuant to a resolution of the Shareholders passed on 25 February 2004 and a resolution of the Board passed on 19 March 2004
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Broadwood Global Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“US\$”	US dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD OF DIRECTORS



**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

Lam Shun Fu, Percy

Lo Wai Ming

Chang Ching Yi, Steven*

Lam Pak Lee*

Sheu Wei Fu* (*alternate to Lam Pak Lee*)

Sun, Patrick** (*Chairman*)

Choy Kwok Hung, Patrick**

Wong Yuet Leung, Frankie**

** 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

20 August 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

I. INTRODUCTION

The Board refers to the announcement of the Company dated 7 August 2008 in relation to the subscription of the New APT Shares by the Subscriber pursuant to the Agreement.

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 is subject to announcement and circular requirements under the Listing Rules. The purpose of this circular is to provide you with the details of the Subscription and other information as required under the Listing Rules.

LETTER FROM THE BOARD OF DIRECTORS

II. PARTICULARS OF 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

LETTER FROM THE BOARD OF DIRECTORS

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.

III. INFORMATION ON APT

APT is a limited liability company incorporated in Hong Kong under the Companies Ordinance 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:

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

LETTER FROM THE BOARD OF DIRECTORS

* 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.

IV. 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.

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

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) which were required pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), to be notified to the Company and the Stock Exchange; or (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

		Ordinary shares of HK\$0.10 each in the Company					
		Directly Owned		Beneficially Owned		Total	Percentage
		Shares	Options	Shares	Options		
Independent Non-executive Directors							
Sun, Patrick	Long	—	2,000,000	—	—	2,000,000	0.08%
	Short	—	—	—	—	—	—
Choy Kwok Hung, Patrick	Long	1,100,000	2,000,000	—	—	3,100,000	0.13%
	Short	—	—	—	—	—	—
Wong Yuet Leung, Frankie	Long	—	2,000,000	—	—	2,000,000	0.08%
	Short	—	—	—	—	—	—
Executive and Non-executive Directors							
Chang Ching Yi, Steven	Long	1,800,000	2,000,000	—	—	3,800,000	0.16%
	Short	—	—	—	—	—	—
Lam Pak Lee	Long	800,000	2,000,000	—	—	2,800,000	0.11%
	Short	—	—	—	—	—	—

		Ordinary shares of HK\$0.10 each in the Company				
		Directly Owned		Beneficially		
		Shares	Options	Owned	Total	Percentage
				Shares		
Sheu Wei Fu						
(alternate to	Long	—	—	—	—	—
Lam Pak Lee)	Short	—	—	—	—	—
Leung Kwong Wai	Long	121,658,308	3,020,000	3,742,000	128,420,308	5.25%
	Short	—	—	3,742,000 ⁽¹⁾	3,742,000	0.15%
Huang Hsing Hua	Long	9,578,746	2,000,000	572,000	12,150,746	0.50%
	Short	—	—	572,000 ⁽¹⁾	572,000	0.02%
Lai Woon Ching	Long	30,323,032	2,050,000	572,000	32,945,032	1.35%
	Short	—	—	572,000 ⁽¹⁾	572,000	0.02%
Lam Shun Fu, Percy	Long	648,000	1,950,000	1,352,000	3,950,000	0.16%
	Short	—	—	1,352,000 ⁽¹⁾	1,352,000	0.06%
Lo Wai Ming	Long	32,000,179	2,000,000	572,000	34,572,179	1.41%
	Short	—	—	572,000 ⁽¹⁾	572,000	0.02%

(1) All short position under each of the Executive Directors are shares held by HSBC International Trustee Limited as trustee for the benefits of individual under the Share Award Plan of the Company.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of substantial shareholders	No. of Shares interested	Percentage of Shareholding in the Company
TIAA-CREF Investment Management, LLC	170,527,237	6.97%
State Street Corporation	187,366,419	7.66%

4. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries are engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates has any interest in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

7. GENERAL

- (a) The company secretary and qualified accountant of the Company is Mrs. FUNG Lui Kit Har, Keziah *FCMA, FHKCPA, ACS, ACIS*.
- (b) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is situated at 6/F, No.3 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.