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**SOLOMON  
SYSTECH**

## **SOLOMON SYSTECH (INTERNATIONAL) LIMITED**

**晶門半導體有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2878)**

### **CONNECTED TRANSACTIONS**

#### **SUMMARY**

The Board is pleased to announce that on 29 October 2021, the Group has entered into the following connected transactions as set out below.

#### **RENEWAL OF LICENSES TO USE EDA TOOLS**

SSL-China and SSL-SZ, wholly-owned subsidiaries of the Company, have respectively entered into the License Agreements with HES in connection with the renewal of the Licenses to use EDA tools granted by HES to the Group for the period from 30 October 2021 to 29 October 2023.

CEC is an indirect substantial shareholder of the Company. The Company understands that HES is a subsidiary of CEC indirectly held by it as to approximately 39.6% and is, therefore, an associate of CEC and a connected person of the Company. Accordingly, the License Agreements and the renewal of the Licenses contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the renewal of the Licenses (on an aggregated basis) is more than 0.1% but all of the applicable percentage ratios are less than 5.0%, such renewal of the Licenses is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE TRANSACTIONS

### RENEWAL OF LICENSES TO USE EDA TOOLS

#### 1. Introduction

Reference is made to the announcement of the Company dated 22 October 2019 in relation to the renewal of the Licenses granted by HES to the Group. The Board announces that as the Licenses will expire on 29 October 2021, the parties have agreed to renew the Licenses pursuant to the License Agreements.

#### 2. Details of the terms of the License Agreements

The terms of the two License Agreements are substantially the same except for the parties, the number of specific EDA tools licenses and the consideration.

A summary of salient terms of the License Agreements is set out below.

##### *Date*

29 October 2021

##### *Parties*

- (1) In respect of the SSL-China License Agreement, HES and SSL-China
- (2) In respect of the SSL-SZ License Agreement, HES and SSL-SZ

##### *Licenses*

HES shall grant to SSL-China and SSL-SZ, respectively, the Licenses to install and execute certain IC design EDA tools for internal use and the development of the Group's own products.

##### *Duration*

Two years (from 30 October 2021 to 29 October 2023)

##### *Consideration*

CNY4,000,200 (including 13% value added tax), comprising (i) CNY800,040 for the License to SSL-China, and (ii) CNY3,200,160 for the License to SSL-SZ, which was determined after arm's length negotiations between HES and each of SSL-China and SSL-SZ after taking into account of (i) the scope of services to be provided by HES; (ii) the number of specific EDA tools licenses granted to use by SSL-China and SSL\_SZ; and (iii) the market price for similar services.

##### *Payment*

By two cash instalments:

- I. CNY2,000,100 (comprising CNY400,020 for the License to SSL-China and CNY1,600,080 for the License to SSL-SZ), payable by 30 November 2021; and
- II. CNY2,000,100 (comprising CNY400,020 for the License to SSL-China and CNY1,600,080 for the License to SSL-SZ), payable by 30 November 2022.

### **3. Reasons for and benefits of the License Agreements**

HES is principally engaged in the development of EDA tools and high-end SoC solutions and the provision of one stop design manufacturing services. The Group has been using the EDA tools from HES (or its predecessor company under CIDC Group) since 2001 and considers the EDA tools meet the needs of technological development of the Group in a cost-effective manner.

The Directors have approved the connected transactions and the independent non-executive Directors confirmed that the terms of the License Agreements are fair and reasonable, and the renewal of the Licenses is on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of Company and its shareholders as a whole.

Mr. Ma Yuchuan, Mr. Wang Hui and Ms. Ye Nan as directors or officers of the CEC group have abstained from voting on the relevant resolutions of the Board. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the License Agreements and has to abstain from voting for the reason of having a material interest in such transactions.

### **4. Listing Rules implications**

CEC is an indirect substantial shareholder of the Company. The Company understands that HES is a subsidiary of CEC indirectly held by it as to approximately 39.6% and is, therefore, an associate of CEC and a connected person of the Company. Accordingly, the License Agreements and the renewal of the Licenses contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the renewal of the Licenses (on an aggregated basis) is more than 0.1% but all of the applicable percentage ratios are less than 5.0%, the renewal of the Licenses is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **5. Information on the Group**

The Company is principally engaged in investment holding. 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, tablets, smart TVs/monitors, notebooks and other smart devices including wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

SSL-China and SSL-SZ are indirect wholly-owned subsidiaries of the Company and are principally engaged in the design and distribution of IC.

### **6. Information on the connected persons**

HES is principally engaged in the development of EDA tools, high-end SoC solutions and the provision of one stop design manufacturing services.

HES is, insofar as the Board is aware, held:

- (i) as to approximately 26.5% by 中國電子有限公司(China Electronics Limited\*\*), a wholly-owned subsidiary of CEC;
- (ii) as to approximately 13.1% by 中電金投控股有限公司 (CEC Capital Investment Holdings Company Limited\*\*), a wholly-owned subsidiary of CEC;

- (iii) as to approximately 22.0% by 北京九創匯新資產管理合夥企業(有限合夥) (Beijing Jiuchuang Huixin Asset Management Partnership (LP)\*\*), a limited partnership managed by 井岡山乾元嘉泰管理諮詢有限公司 (Jinggangshan Qianyuan Jiatai Management and Consulting Co., Ltd.\*\*), which is, in turn, ultimately beneficially wholly owned by an individual 王麗 (Wang Li\*\*);
- (iv) as to approximately 13.8% by 上海建元股權投資基金合夥企業(有限合夥) (Shanghai Jianyuan Capital Investment Fund Partnership (LP)\*\*), a limited partnership managed by 上海建轅投資管理合夥企業(有限合夥) (Shanghai Jianyuan Investment Management Partnership (LP)\*\*), which is, in turn, ultimately beneficially owned as to 59% by an individual 沈培良 (Shen Peiliang\*\*);
- (v) as to approximately 11.1% by 國家集成電路產業投資基金股份有限公司 (China National Integrated Circuit Industry Investment Fund Co., Ltd.\*\*), a joint stock corporate fund joint-stock corporate fund launched collectively by a number of institutions, mainly including the Ministry of Finance of the PRC, China Development Bank Capital Corporation Ltd, State Tobacco Monopoly Administration and Beijing E-Town International Investment & Development Co., Ltd., which are state-owned enterprises or PRC government institutions;
- (vi) as to approximately 6.4% by 中小企業發展基金(深圳有限合夥) (SME Development Fund (Shenzhen) LLP)\*\*), a limited partnership managed by 深圳國中創業投資管理有限公司 (Shenzhen Guozhong Venture Capital Management Co., Ltd.) which is, in turn, held as to 49% by 深圳市創新投資集團有限公司 (Shenzhen Capital Group Co., Ltd., in (vii) below) and ultimately owned as to approximately 41% by an individual 施安平 (Shi Anping\*\*) and as to 10% by an individual 高琴 (Gao Qin\*\*);
- (vii) as to approximately 4.2% by 深圳市創新投資集團有限公司 (Shenzhen Capital Group Co., Ltd), which is ultimately beneficially owned by a number of institutions and individuals including 深圳市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal) and 黃楚龍 (Huang Chulong\*\*); and
- (viii) as to approximately 2.8% by 江蘇建泉元禾璞華股權投資合夥企業(有限合夥) (Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (LP)\*\*), a limited partnership managed by 蘇州致芯方維投資管理合夥企業(有限合夥) (Suzhou Zhixin Fangwei Investment Management Partnership (LP)\*\*), which is, in turn, held as to approximately 96.6% by a company ultimately beneficially owned by individuals 劉越 (Liu Yue\*\*), 吳海濱 (Wu Haibin\*\*) and 陳大同 (Chen Datong\*\*).

CEC is a state-owned company whose ultimate beneficial owner is the State Council of the PRC. CEC is a nationwide electronics and information technology conglomerate directly administered by the PRC government and focuses on communications, consumer electronics products, semi-conductor and software sectors in the PRC.

## TERMS USED IN THIS ANNOUNCEMENT

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

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEC”	中國電子信息產業集團有限公司 (China Electronics Corporation**), a state-owned information technology conglomerate under the administration of the central government of the PRC, an indirect substantial shareholder of the Company through its interests in Huada
“CIDC”	中國華大集成電路設計集團有限公司 (China Integrated Circuit Design (Group) Corp., Ltd.**), a company established in the PRC
“CIDC Group”	CIDC and its subsidiaries
“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 person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CNY”	Chinese Yuan, the lawful currency of the PRC
“Director(s)”	director(s) of the Company
“EDA”	Electronic Design Automation
“Group”	the Company and its subsidiaries
“HES”	北京華大九天科技股份有限公司 (Beijing Huada Emphyrean Technology Co., Ltd.**), a company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huada”	華大半導體有限公司 (Huada Semiconductors Co. Ltd.**), a company established in the PRC to consolidate all IC businesses under CEC group, a substantial shareholder (as defined under the Listing Rules) of the Company
“IC”	integrated circuits
“License”	a non-exclusive worldwide license to install and execute certain IC design EDA tools for internal use and the development of the Group’s own products that HES shall grant to SSL-China and SSL-SZ, respectively

“License Agreements”	the SSL-China License Agreement and the SSL-SZ License Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SoC”	System on Chip
“SSL-China”	Solomon Systech (China) Limited, a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“SSL-China License Agreement”	the agreement dated 29 October 2021 between HES and SSL-China in connection with the renewal of a grant of the License by HES to SSL-China
“SSL-SZ”	Solomon Systech (Shenzhen) Limited, a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“SSL-SZ License Agreement”	the agreement dated 29 October 2021 between HES and SSL-SZ in connection with the renewal of a grant of the License by HES to SSL-SZ
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

\*\* for identification purpose only

By Order of the Board  
**SOLOMON SYSTECH (INTERNATIONAL) LIMITED**  
Wang Wah Chi, Raymond  
*Chief Executive Officer*

Hong Kong, 29 October 2021

*As at the date of this announcement, the Board comprises: (a) Executive Director – Mr. Wang Wah Chi, Raymond (Chief Executive Officer); (b) Non-executive Directors – Mr. Ma Yuchuan (Chairman), Mr. Wang Hui and Ms. Ye Nan; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Dr. Chan Philip Ching Ho.*