

**SOLOMON SYSTECH (INTERNATIONAL) LTD:
THE COMPANY IS UNLIKELY TO BE ABLE
TO MAINTAIN ITS PRESENT MOMENTUM**

One would have to scan, very carefully, the Prospectus of Solomon Systech (International) Ltd before realising that about 43.76 percent of the total number of Shares that had been on Offer, last March, amounting to 603,582,000 Shares, were those, formerly belonging to:

1. 13 corporate shareholders, which sold, in aggregate, 196,441,170 shares
2. Mr Leung Kwong Wai, Managing Director, who sold 7,216,000 shares
3. Mr Huang Hsing Hua, Executive Director, who sold 193,750 shares
4. Mr Lo Wai Ming, Executive Director, who sold 480,000 shares
5. Mr Lai Woon Ching, Executive Director, who sold 5,089,000 shares
6. Senior Management of the Company, which sold 19,634,450 shares
7. Other employees of the Company, who sold 5,406,000 shares
8. Others, who sold 29,655,990 shares

The above was just slightly '*buried*' at Page 206 of the 223-Page Prospectus of the Company.

Since the Shares were pitched at \$HK1.75 each, it means that the above list of Selling Shareholders received \$HK462,203,630, before expenses, with the Managing Director, taking home \$HK12,628,000, and the other 3 Executive Directors, banking \$HK10,084,812.50, before expenses.

As for Solomon Systech, it had, originally, assumed that it would bag about \$HK589 million, based on the Offer Share Price, being \$HK1.825 per share.

Its Share Price, however, was eventually set at the lower end of the scale, at \$HK1.75, due to a lack of original response to the Initial Public Offering.

The Company, therefore, received about 4.10 percent less than that which was stated in the Prospectus.

However, on April 22, 2004, it was announced that an Over-Allotment Option had been exercised in full by J.P. Morgan Securities (Asia Pacific) Ltd on behalf of the International Underwriters in respect of 90,536,000 additional Shares, those Shares allotted at a price of \$HK1.75 each, before expenses.

The Over-Allotment Option brought in an additional \$HK153.70 million into the coffers of Solomon Systech.

The monies, raised in the flotation, are to be used for the following purposes:

1. 30 percent of the Net Proceeds to be used for research and development;
2. 30 percent of the Net Proceeds to be used in security capacity and testing equipment;
3. 10 percent of the Net Proceeds to be used in operational infrastructure for expansion; and,
4. 30 percent of the Net Proceeds to be used as Working Capital.

As is clear from the above wish list, there are no definitive statement(s) as to how this not immaterial amount of money will be allocated in the Company in the future.

The Business of Solomon Systech

Solomon Systech Ltd – which is, today, wholly owned by Solomon Systech (International) Ltd – was founded in 1999, being owned as to 70 percent by the Taiwanese company, Solomon Technology Corporation. (Page 42 of the Prospectus)

Solomon Technology Corporation is a publicly listed company, quoted on The Taiwan Stock Exchange.

As at March 19, 2004, this company had a market capitalisation of about \$HK1 billion.

The business of Solomon Technology Corporation is the distribution of Integrated Circuit components, known as ICs.

In January 2003, Solomon Technology Corporation disposed of its entire interest in Solomon Systech Ltd. The way forward for Solomon Technology Corporation ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

