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**SOLOMON
SYSTECH**

Summary



Results summary

- ▶ Unit shipment 173mu
- ▶ Sales US\$165 million
- ▶ Net profit US\$10 million
- ▶ Basic EPS 3.3 HK cents
- ▶ Final dividend per share 2 HK cents
- ▶ Total dividend per share for the year 3 HK cents
- ▶ Book to Bill ratio 0.64
- ▶ Global market share in mobile phone display ICs around 11%



**SOLOMON
SYSTECH**

Financial Review



Profit and loss

	Twelve months ended 31 Dec		YoY
(US\$ million)	2007	2006	Change
Sales	165.0	254.1	-35%
Gross profit	39.5	59.3	-33%
<i>Gross margin</i>	<i>23.9%</i>	<i>23.3%</i>	
Net profit	10.2	22.4	-54%
<i>Net margin</i>	<i>6.2%</i>	<i>8.8%</i>	
(HK cents)			
Earnings per share*	3.3	7.1	
Dividends per share	3.0	6.0	
Book to Bill ratio	0.64	1.0	

* Basic EPS calculation is based on the weighted average number of shares for the year

Balance sheet

(US\$ million)	As at 31 Dec 2007	As at 31 Dec 2006	YoY Change
Total assets	202.4	221.1	-8%
Total borrowings	Nil	Nil	N/A
Shareholders' funds	172.1	179.9	-4%
Net cash	137.8	121.5	+13%
(HK cents)			
Shareholders' funds per share	55	57	-4%
Net cash per share	44	38	+16%

Financial remarks

	Key Factors
Sales 35% ↓	Unit shipment 25% YoY ↓ Blended ASP 14% YoY ↓
Net profit 54% ↓	Gross profit 33% YoY ↓ -- Gross profit margin 23.9% (2006: 23.3%) Operating expense 7% YoY ↓ -- Raised R&D 13% while lowered SG&A 19.9% YoY Interest income 27% YoY ↑ -- US\$8m, partially offset operating income decline
Capex US\$3.5m	US\$0.9m Plant / Property /Equipment US\$2.6m Strategic Investment



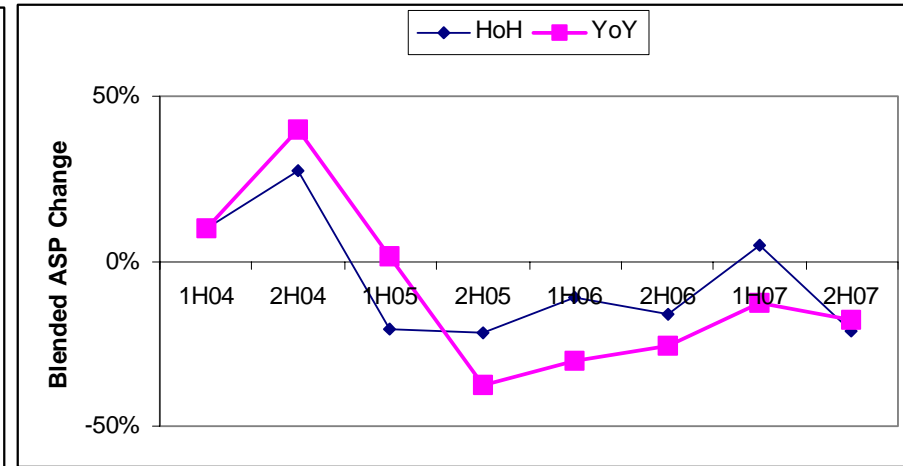
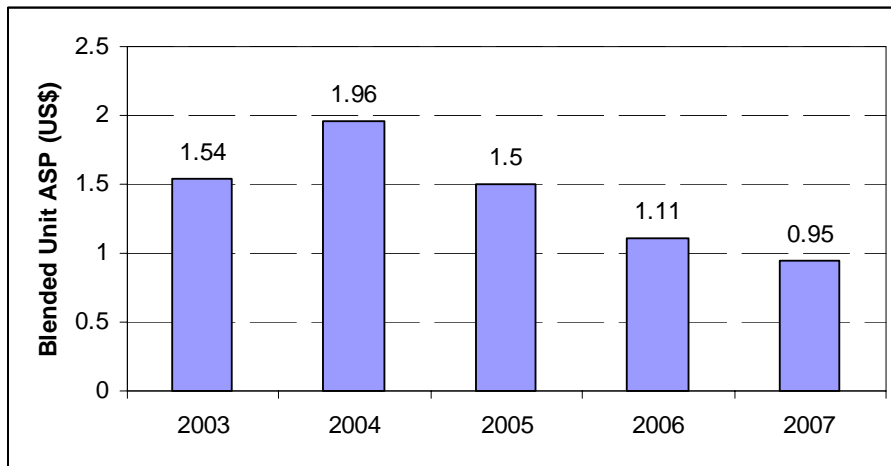
**SOLOMON
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Business Review



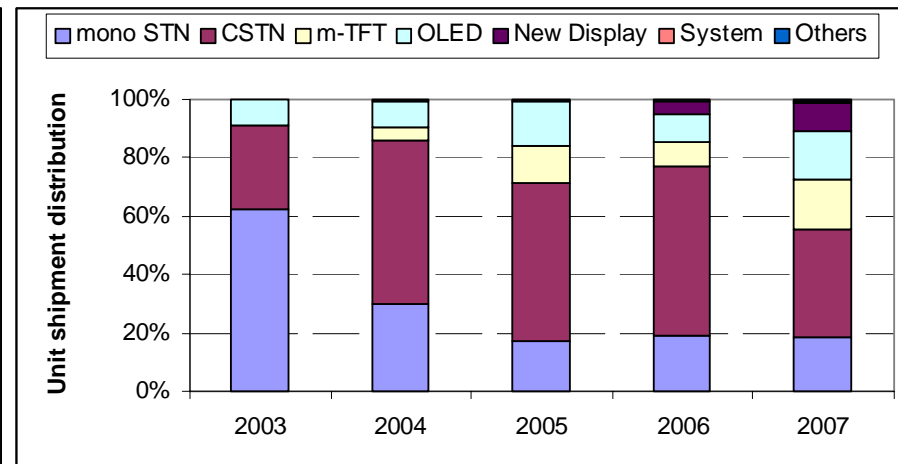
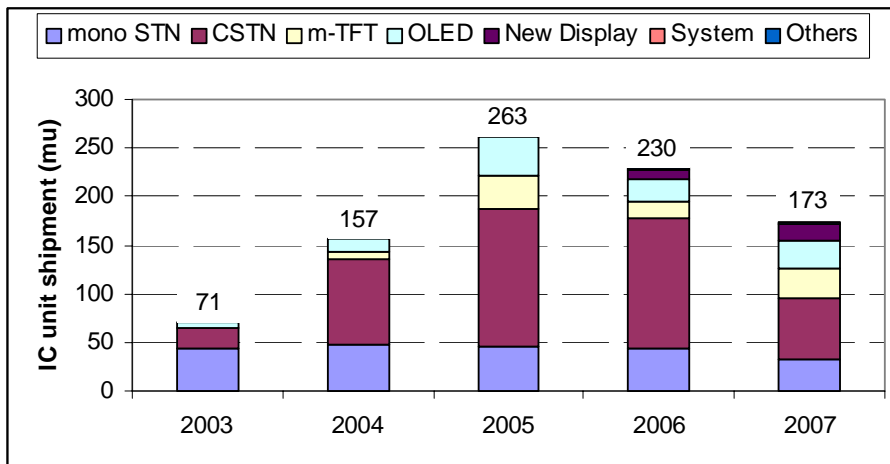
Blended average selling price

- ▶ 2007 blended ASP = US\$0.95, down 14% YoY
 - ▶ Sequential decline rate moderating



Unit shipment by product line

- ▶ Mono & Color STN: Declined as more mobile phones switched to m-TFT
- ▶ m-TFT: Up 58% YoY as design-wins ramped
- ▶ OLED: Up 32% YoY with sustained leadership as the industry stabilized
- ▶ New Display Applications: Up 63% as design-wins beyond mobile phone
- ▶ L-TFT: Kept design-in efforts with target customers
- ▶ Display System: First million units shipped



Note: Others include large panel TFT (L-TFT) driver IC and other IC products

Examples of 2007 design-wins

New Customers, New Products, New Applications

Mobile Display (STN, TFT)



**Mobile
Phone**



MP4



GPS

OLED



**Mobile
Phone**



**Bluetooth
Earpiece**



**Automotive mirror with
GPS / Radio Locator**

New Display



Wristwatch



**Electronic Shelf
Label**



**Microdisplay
Eyewear**

Display System



MP4



Digital Photo Frame



Study Machine



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Outlook



1H 2008 Outlook

- ▶ Sales year-on-year
 - ▶ Challenging Book to Bill ratio
- ▶ Gross profit margin
 - ▶ Pressure from market ASP erosion
- ▶ Operating expenses
 - ▶ Under control; Invest in R&D
 - ▶ Supplement with interest income
- ▶ New businesses or customers
 - ▶ Continue development; take time to ramp

Future Growth Enablers

Customer, Product and Application Diversification

▶ Display Panel

Mobile Display

- ▶ m-TFT → Audio / Video equipments, GPS, mobile TV
- ▶ OLED → Wireless peripherals, MP4, industrial



Mobile TV



GPS



Bluetooth
Earpiece



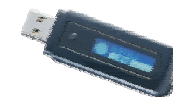
MP4

New Display

- ▶ E-paper → Electronic shelf label, IC card, storage devices



IC Card



Storage
Device



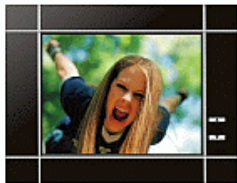
Electronic
Shelf Label

Future Growth Enablers (Cont'd)

Customer, Product and Application Diversification

▶ Display System

- ▶ Total system solutions – including multimedia system IC, software, hardware, end product reference design
- ▶ Focus applications → Digital photo frame, portable media player, mobile digital TV, personal navigation device



Digital Photo Frame



Mobile Digital TV



Portable Media Player



**Personal
Navigation
Device**

Thank You



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