



**SOLOMON
SYSTECH**

Solomon Systech (International) Limited

2008 Annual Results Announcement

25 March 2009

Hong Kong



**THE
TRANSFORMATION**

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Summary



Results summary

- ▶ Unit shipment 115 mu
- ▶ Sales US\$92.8 million
- ▶ Net loss US\$23.4 million
- ▶ Basic loss per share 7.5 HK cents
- ▶ Final dividend per share 3 HK cents
- ▶ Book to Bill ratio 0.82



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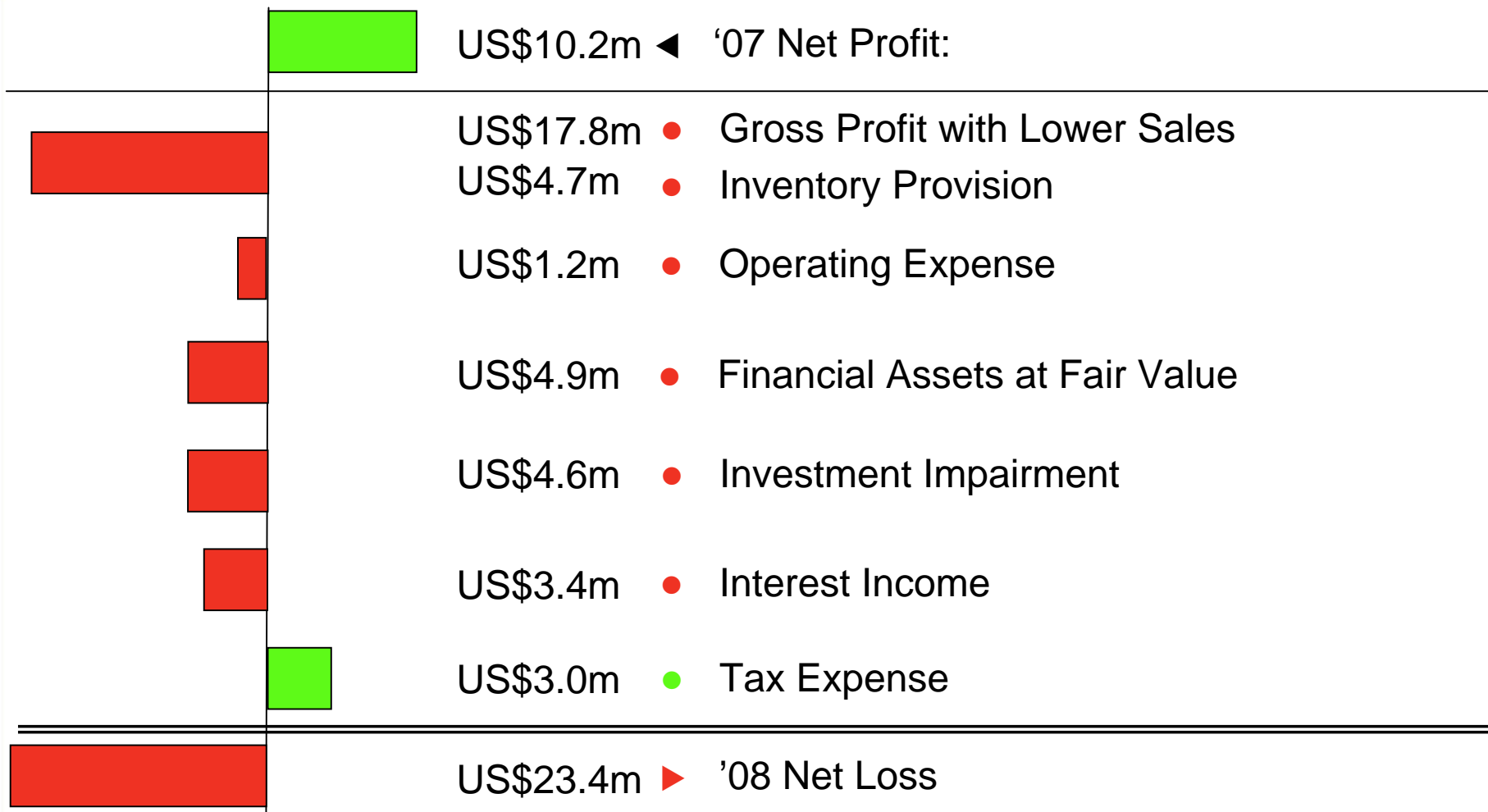
Financial Review



Profit and loss

(US\$ million)	Twelve months ended 31 Dec		YoY
	2008	2007	Change
Sales	92.8	165.0	-44%
Gross profit	16.9	39.5	-57%
<i>Gross margin</i>	<i>18.2%</i>	<i>23.9%</i>	
Net (loss) / profit	(23.4)	10.2	
<i>Net margin</i>	<i>-25.2%</i>	<i>6.2%</i>	
(HK cents)			
(Loss)/earnings per share*	-7.5	3.3	
Dividends per share	3.0	3.0	
Book to Bill ratio	0.82	0.64	

Profit and loss delta analysis '08 vs '07



Balance sheet

(US\$ million)	As at 31 Dec 2008	As at 31 Dec 2007	YoY Change
Total assets	162.3	202.4	-20%
Total borrowings	Nil	Nil	N/A
Shareholders' funds	143.8	172.1	-16%
Net cash	110.9	137.8	-20%
(HK cents)			
Shareholders' funds per share	46	55	-16%
Net cash per share	35	44	-20%

Net cash delta analysis '08 vs '07



▶ Net Cash @ 31st Dec:

▶ US\$110.9m ('08) vs \$137.8m ('07) - US\$26.9m

▶ Major Cash Outflow

▶ Dividend Payout: - US\$ 6.3m

▶ Strategic Investment - US\$ 5.6m

▶ Plant, Property & Equipment - US\$ 4.9m

▶ Financial Assets - US\$17.7m

▶ Major Cash Inflow

▶ Interest Received + US\$ 5.3m

▶ Business Operating Activities + US\$ 2.8m



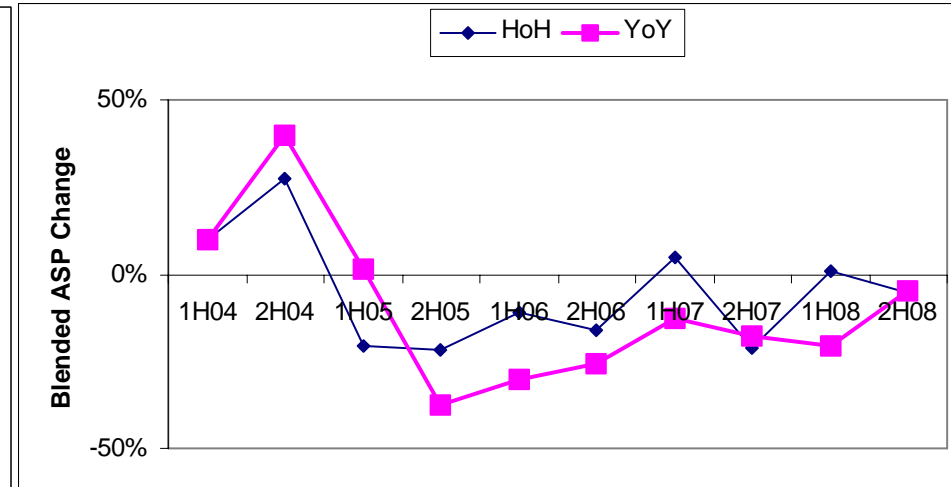
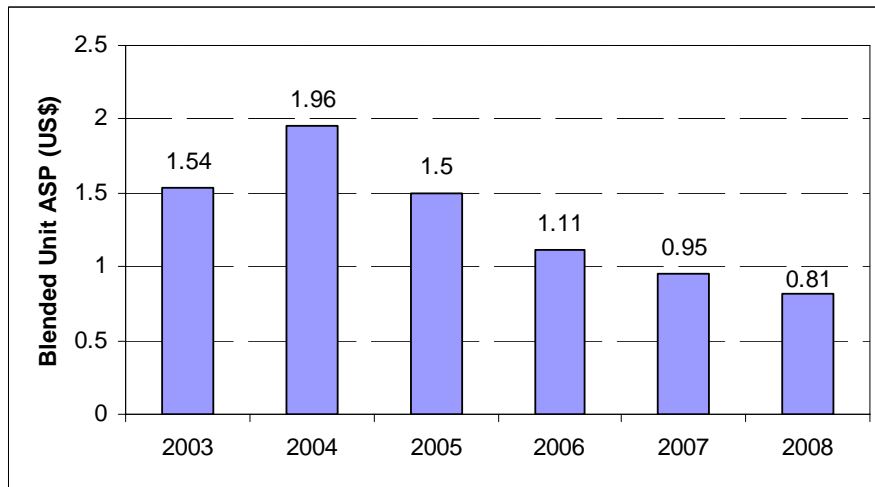
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Business Review



Blended average selling price

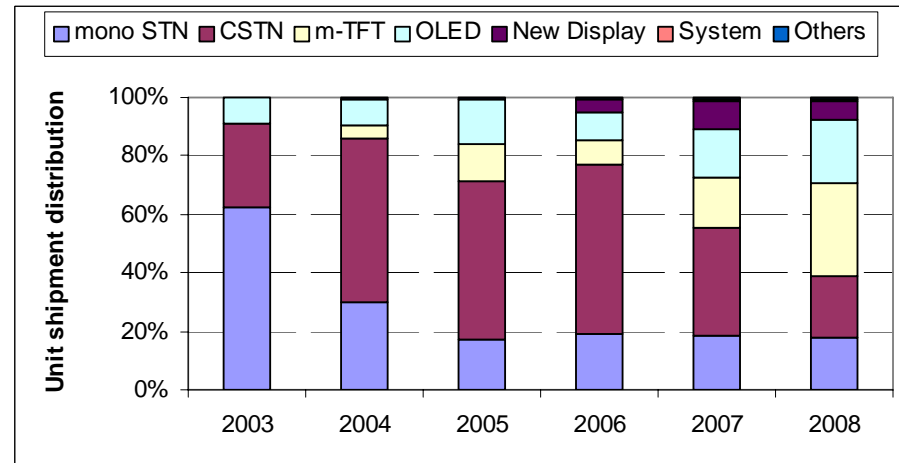
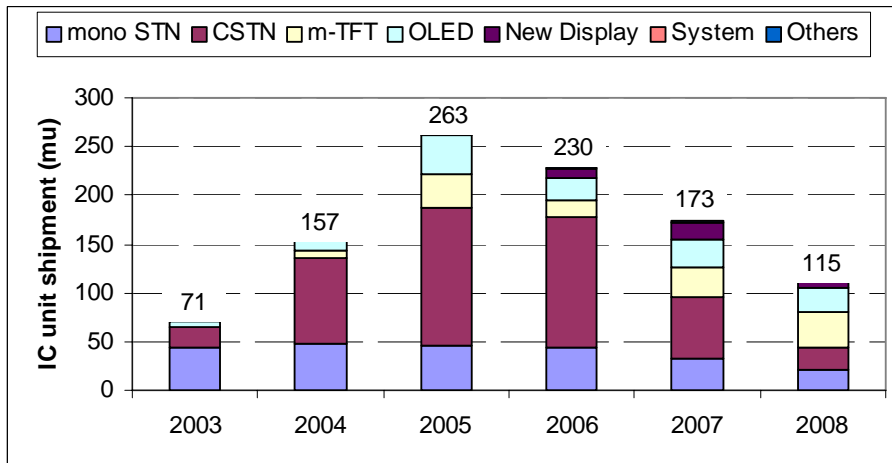
- ▶ 2008 blended ASP = US\$0.81, down 15% YoY



Unit shipment by product line

- ▶ Mono & Color STN: **45 mu**
- ▶ m-TFT: **37 mu**
- ▶ OLED: **25 mu**
- ▶ New Display: **8 mu**
- ▶ Display System: **Initial shipment**

Balanced shipment in different product applications.



Note: Others include PDA drivers, large display drivers, LED drivers and PCBA

2008 End Product Examples

Business, Market and Application Diversification

Mobile Display, OLED Display and New Display



Mobile Phone



MP3



GPS



Health Care
Product



Electronic
Shelf Label

Display System Solution



Smart Phone



Mobile Digital TV



Mobile Phone



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Outlook



1. Business Transformation

From
IC component

- ▶ Display Panel
Electronics Businesses
 - ▶ **Mobile Display**
 - ▶ **OLED Display**
 - ▶ **New Display**



Display IC

To
application system solution

- ▶ Display System
Solution Businesses
 - ▶ **Display System Solution**
 - ▶ **Green Power**



MDTV System



LED Lighting

2. Market Application Transformation

From
mobile phone

To
consumer electronics and
industrial applications



Mobile Phone



Mobile Digital TV (MDTV)



GPS



Electronic Shelf Label



MP3 Players



Portable Media Player (PMP)



Health Care Product



LED Lighting

3. Revenue Transformation



**From
single**

- ▶ IC component Sales

**To
multiple revenue streams**

- ▶ Solution Sales
 - ▶ Software
 - ▶ Printed Circuit Board Assembly
 - ▶ Modules
 - ▶ Royalty
 - ▶ Design service fees
- ▶ End Product Sales
- ▶ Recurring S/W income

4. Expertise Transformation

**From
IC know-how**

- ▶ 2007
 - ▶ IC engineer: 94%
 - ▶ software engineer: 6%
 - ▶ IDH: 0

**To
software and system design
expertise**

- ▶ 2008
 - ▶ IC engineer: 85%
 - ▶ software engineer: 15%
 - ▶ IDH: 2

% is of the total R&D engineers

IDH: Independent Design House

5. Effectiveness Transformation

Continuous improvement

- ▶ Business alignment
 - ▶ Display System Solution BU and IDHs
 - ▶ Green Power BU with investment in LED suppliers
- ▶ Organizational effectiveness
 - ▶ 2009 operating cost reduction > 20%
- ▶ Operational efficiency

Thank You



Solomon Systech (International) Limited

Stock code: 2878

www.solomon-systech.com