



**SOLOMON
SYSTECH**
晶門科技

SOLOMON SYSTECH

Interim Report

中期報告

2016

Solomon Systech (International) Limited

Stock Code 股份代號: 2878

solutions in silicon

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FINANCIAL HIGHLIGHTS

財務摘要

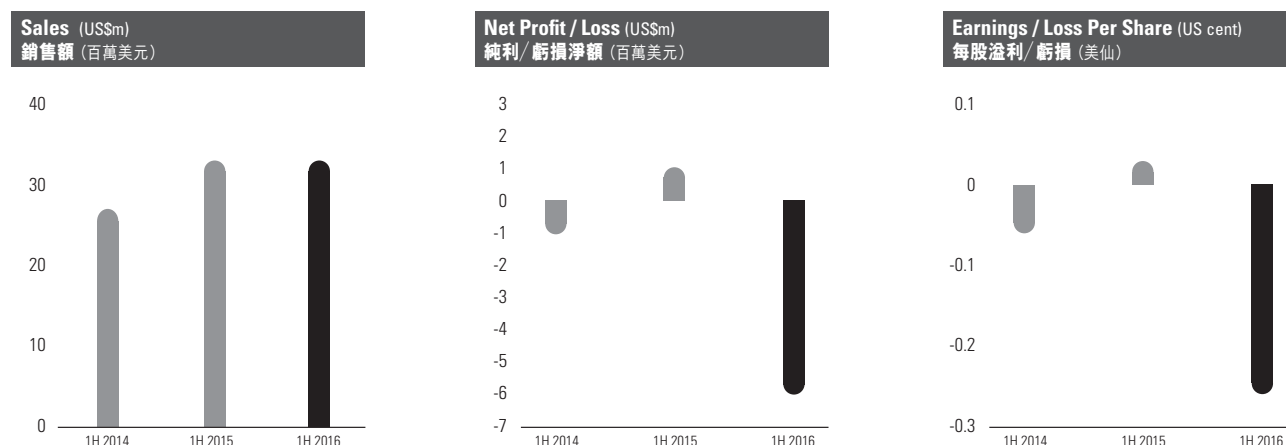
		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016 US\$ million 百萬美元	2015 US\$ million 百萬美元
Sales	銷售額	32.9	33.4
Gross profit	毛利	10.4	12.0
Gross margin (%)	毛利率(%)	31.7	35.9
Net profit/(loss)	純利/(虧損淨額)	(6.4)	0.9
Earnings/(loss) per share (US cent)	每股溢利/(虧損)(美仙)	(0.26)	0.03
Book-to-bill ratio	訂單出貨比率	1.0	1.1

		Unaudited 未經審核 30 June 6月30日 2016 US\$ million 百萬美元	Audited 經審核 31 December 12月31日 2015 US\$ million 百萬美元
Total assets	總資產	116.2	123.4
Shareholders' funds	股東權益	102.2	108.5

- Sales decreased slightly by about 1% to US\$32.9 million
- Gross profit decreased by about 13% to US\$10.4 million
- Gross margin was 31.7% (1H 2015: 35.9%), down 4.2 percentage points
- Net loss was US\$6.4 million (1H 2015 net profit: US\$0.9 million)
- Loss per share was 0.26 US cent (2.00 HK cents)
- Book-to-bill ratio was 1.0 (1H 2015: 1.1)
- 銷售額微跌約1%至32.9百萬美元
- 毛利減少約13%至10.4百萬美元
- 毛利率下跌4.2個百分點至31.7%(2015上半年: 35.9%)
- 虧損淨額為6.4百萬美元(2015上半年純利: 0.9百萬美元)
- 每股虧損為0.26美仙(2.00港仙)
- 訂單出貨比率為1.0(2015上半年: 1.1)

FINANCIAL HIGHLIGHTS (continued)

財務摘要(續)



Note:

All the numbers presented in the charts are unaudited.

Interim Dividend

The Directors of Solomon Systech (International) Limited resolved not to declare an interim dividend for the six months ended 30 June 2016.

Interim Results

The Directors are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 together with the comparative figures for the corresponding period as follows.

附註：

圖表列示的所有數字均未經審核。

中期股息

Solomon Systech (International) Limited的董事們決議不宣派截至2016年6月30日止6個月的中期股息。

中期業績

本公司的董事欣然宣佈，本公司及其附屬公司(統稱「本集團」)截至2016年6月30日止6個月的未經審核簡明綜合中期業績連同上年度同期的比較數字列載如下。

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

簡明綜合中期損益表

For the six months ended 30 June 2016
截至2016年6月30日止6個月

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
	Note 附註	2016 US\$'000 千美元	2015 US\$'000 千美元
Sales	6	32,887	33,386
Cost of sales	7	(22,448)	(21,404)
Gross profit		10,439	11,982
Research and development costs	7	(9,618)	(8,941)
Selling and distribution expenses	7	(1,733)	(1,397)
Administrative expenses	7	(6,296)	(4,390)
Other income		376	68
Finance income – net	8	(6,832) 66	(2,678) 3,551
Share of results of associated companies		(6,766) (67)	873 (12)
Profit/(loss) before income tax		(6,833)	861
Income tax credit/(expenses)	9	451	(2)
Profit/(loss) attributable to the equity holders of the Company		(6,382)	859
Earnings/(loss) per share attributable to the equity holders of the Company: (expressed in US cent per share)			
– Basic	10	(0.26)	0.03
– Diluted		(0.26)	0.03

The notes on pages 8 to 25 form an integral part of this condensed consolidated interim financial information.
第8至25頁的附註為本簡明綜合中期財務資料的組成部份。

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

簡明綜合中期全面收入報表

For the six months ended 30 June 2016
截至2016年6月30日止6個月

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2016	2015
		US\$'000	US\$'000
		千美元	千美元
Profit/(loss) for the period	期內溢利／(虧損)	(6,382)	859
Other comprehensive income/(loss) for the period:	期內其他全面收入／(虧損)：		
Item that may be reclassified to profit or loss	可能會重新分類至損益的項目		
– Currency translation differences	– 外幣換算差額	7	(41)
Total comprehensive income/(loss) attributable to the equity holders of the Company	本公司權益持有人應佔全面收入／(虧損)總計	(6,375)	818

The notes on pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

簡明綜合中期資產負債表

As at 30 June 2016
於2016年6月30日

		Note 附註	Unaudited 未經審核 30 June 於6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 於12月31日 2015 US\$'000 千美元
ASSETS	資產			
Non-current assets	非流動資產			
Intangible assets	無形資產		31	38
Property, plant and equipment	物業、機器及設備		3,244	3,544
Investments in associated companies	於聯營公司的投資		485	552
Available-for-sale financial assets	可供出售財務資產		2,206	2,206
Deposit	訂金	12	268	225
			6,234	6,565
Current assets	流動資產			
Inventories	存貨		7,517	9,435
Trade and other receivables	應收款及其他應收款	12	17,196	18,959
Financial assets at fair value through profit or loss	通過損益以反映公平價值的財務資產		63,096	62,193
Pledged bank deposits	已抵押的銀行存款		130	130
Short-term fixed deposits	短期定期存款		9,616	9,665
Cash and cash equivalents	現金及現金等價物		12,433	16,434
			109,988	116,816
Total assets	總資產		116,222	123,381
EQUITY	權益			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔資本及儲備			
Share capital	股本	13	31,926	31,926
Reserves	儲備		70,307	76,556
Total equity	總權益		102,233	108,482
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Bank loan	銀行貸款		146	187
			146	187
Current liabilities	流動負債			
Trade and other payables	應付款及其他應付款	14	12,900	13,593
Bank loan	銀行貸款		83	83
Deferred income	遞延收入		771	494
Income tax	所得稅		89	542
			13,843	14,712
Total liabilities	總負債		13,989	14,899
Total equity and liabilities	權益及負債總額		116,222	123,381

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

簡明綜合中期權益變動表

For the six months ended 30 June 2016
截至2016年6月30日止6個月

		Unaudited 未經審核 Attributable to the equity holders of the Company 本公司權益持有人應佔							
		Share capital 股本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Merger reserve 合併儲備 US\$'000 千美元	Exchange reserve 匯兌儲備 US\$'000 千美元	Equity compensation reserve 股本權益報酬儲備 US\$'000 千美元	Other reserve 其他儲備 US\$'000 千美元	Accumulated losses 累計虧損 US\$'000 千美元	Total equity 總權益 US\$'000 千美元
At 1 January 2015	於2015年1月1日	31,803	83,160	2,082	1,247	17,119	230	(20,386)	115,255
Comprehensive income/(loss)	全面收入/(虧損)								
Profit for the period	期內溢利	-	-	-	-	-	-	859	859
Item that may be reclassified to profit or loss	可能會重新分類至損益的項目								
- Currency translation differences	- 外幣換算差額	-	-	-	(41)	-	-	-	(41)
Total comprehensive income/(loss)	全面收入/(虧損)總計	-	-	-	(41)	-	-	859	818
Transactions with owners	股東交易								
Equity compensation	股本權益報酬	-	-	-	-	86	-	-	86
Total transactions with owners	股東交易總計	-	-	-	-	86	-	-	86
At 30 June 2015	於2015年6月30日	31,803	83,160	2,082	1,206	17,205	230	(19,527)	116,159
At 1 January 2016	於2016年1月1日	31,926	83,400	2,082	419	17,246	230	(26,821)	108,482
Comprehensive income/(loss)	全面收入/(虧損)								
Loss for the period	期內虧損	-	-	-	-	-	-	(6,382)	(6,382)
Item that may be reclassified to profit or loss	可能會重新分類至損益的項目								
- Currency translation differences	- 外幣換算差額	-	-	-	7	-	-	-	7
Total comprehensive income/(loss)	全面收入/(虧損)總計	-	-	-	7	-	-	(6,382)	(6,375)
Transactions with owners	股東交易								
Equity compensation	股本權益報酬	-	-	-	-	126	-	-	126
Total transactions with owners	股東交易總計	-	-	-	-	126	-	-	126
At 30 June 2016	於2016年6月30日	31,926	83,400	2,082	426	17,372	230	(33,203)	102,233

The notes on pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

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CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

簡明綜合中期現金流量表

For the six months ended 30 June 2016
截至2016年6月30日止6個月

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2016 US\$'000 千美元	2015 US\$'000 千美元
Operating activities	經營活動		
Cash used in operations	經營使用的現金	(2,807)	(6,127)
Overseas income tax paid	繳付海外所得稅	(1)	(2)
Interest paid on the bank loan	繳付銀行貸款之利息	(2)	(3)
Net cash used in operating activities	經營活動使用的現金淨額	(2,810)	(6,132)
Investing activities	投資活動		
Purchases of property, plant and equipment	購置物業、機器及設備	(96)	(670)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備	–	3
Decrease/(increase) in financial assets at fair value through profit or loss	通過損益以反映公平價值的財務資產減少/(增加)	(2,131)	4,371
Decrease/(increase) in short-term fixed deposits	短期定期存款減少/(增加)	49	(4)
Interest received	已收利息	562	726
Dividend received	已收股息	477	509
Net cash generated from/(used in) investing activities	投資活動產生/(使用)的現金淨額	(1,139)	4,935
Financing activities	融資活動		
Repayment of bank loan	償還銀行貸款	(41)	(44)
Net cash used in financing activities	融資活動使用的現金淨額	(41)	(44)
Net decrease in cash and cash equivalents	現金及現金等價物減少	(3,990)	(1,241)
Exchange differences on cash and cash equivalents	現金及現金等價物匯兌差額	(11)	(38)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物	16,434	25,013
Cash and cash equivalents at 30 June	於6月30日的現金及現金等價物	12,433	23,734
Analysis of balances of cash and cash equivalents:	現金及現金等價物之結餘分析:		
– Bank balances and cash	– 銀行結餘及現金	12,433	23,734

The notes on pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

第8至25頁的附註為本簡明綜合中期財務資料的組成部份。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

簡明綜合中期財務資料附註

1. General information

Solomon Systech (International) Limited and its subsidiaries are fabless semiconductor companies specializing in the design, development and sales of proprietary integrated circuits products and system solutions that enable a wide range of display applications for smartphones, smart TVs and other smart devices including consumer electronics products, wearables, portable devices and industrial appliances.

The Company was incorporated in the Cayman Islands on 21 November 2003 as an exempted company with limited liability under Cap.22, the Cayman Islands Companies Law (Law 3 of 1961, as consolidated and revised). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 6/F., No. 3 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

The Company has been listed on the main board of The Stock Exchange of Hong Kong Limited since 8 April 2004. This condensed consolidated interim financial information is presented in US dollars, unless otherwise stated.

This condensed consolidated interim financial information has been reviewed but not audited, and it was approved for issue on 23 August 2016.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 of the Group has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the Company's annual report for the year ended 31 December 2015, which was prepared in accordance with Hong Kong Financial Reporting Standards.

1. 一般資料

Solomon Systech (International) Limited及其附屬公司為無晶圓廠半導體公司，專門設計、開發及銷售專有集成電路晶片產品及系統解決方案，能廣泛應用於各類智能手機、智能電視及其他智能產品，包括消費電子產品、可穿戴式產品、便攜式裝置及工業用設備。

本公司於2003年11月21日根據開曼群島公司法(1961年法律3，經綜合及修訂)第22章在開曼群島註冊成立為一間獲豁免的有限公司。本公司註冊辦事處的地址為P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands，而其香港總辦事處的地址為香港新界沙田香港科學園科技大道東3號6樓。

本公司自2004年4月8日起，在香港聯合交易所有限公司主板上市。除另有列明外，本簡明綜合中期財務資料均以美元作呈列單位。

本簡明綜合中期財務資料乃經審閱但未經審核，並於2016年8月23日獲批准刊發。

2. 編製基準

本集團截至2016年6月30日止6個月的簡明綜合中期財務資料已根據香港會計準則第34號「中期財務報告」編製。本簡明綜合中期財務資料應與已按照香港財務報告準則編製的本公司截至2015年12月31日止年度的年報一併閱讀。

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2015, as described in those annual consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New standards and amendments to standards effective in 2016

The Group has adopted the following new standards and amendments to standards that have been issued and are effective for the Group's financial year commencing on 1 January 2016:

HKAS 1 (Amendment) 香港會計準則第1號(修正)	Disclosure Initiative 披露計劃
HKAS 16 and 38 (Amendment) 香港會計準則第16號及38號(修正)	Clarification of Acceptable Methods of Depreciation and Amortization 闡明可接受之折舊與攤銷方法
HKAS 27 (Amendment) 香港會計準則第27號(修正)	Equity Method in Separate Financial Statement 獨立財務報表中使用權益法
HKFRS 10, 12 and HKAS 28 (Amendment) 香港財務報告準則第10號、12號及 香港會計準則第28號(修正)	Investment Entities: Applying the Consolidation Exception 關於投資性主體：應用合併的例外規定
HKFRS 11 (Amendment) 香港財務報告準則第11號(修正)	Accounting for Acquisitions of Interests in Joint Operations 收購共同營運體之會計
HKFRS 14 香港財務報告準則第14號	Regulatory Deferral Accounts 法規遞延賬目
HKFRSs (Amendments) 香港財務報告準則(修正)	Annual Improvements 2014 2014年年度改進

The adoption of the above new standards and amendments to standards did not result in substantial changes to the accounting policies of the Group and had no material impact on how the results and financial positions for the current or prior accounting periods have been prepared and presented.

There are no other new, revised standards, amendments to standards and interpretations to existing standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

3. 會計政策

除下述列載外，期內所採用之會計政策與截至2015年12月31日止年度之綜合財務報表一致，並刊載於該等年度綜合財務報表中。

應計的中期所得稅是根據預期全年度總溢利適用稅率而計算。

(a) 於2016年生效的新準則及修正準則

本集團已採納下列於2016年1月1日開始的本集團財政年度已頒佈及生效之新準則及修正準則：

採納上列新準則及修正準則對本集團之會計政策並無重大改變，亦沒有對現有和前期的業績及財務狀況編製和呈報構成重大影響。

沒有任何其他於此期內首次生效的新準則、修訂準則及修正準則或對現有準則之詮釋預期會對集團構成重大影響。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

3. Accounting policies (continued)

(b) New standards and amendments to standards that are issued but effective for periods commencing after 1 January 2016

The following new standards and amendments to standards have been issued, but not effective for the financial year beginning 1 January 2016 and have not been early adopted by the Group:

3. 會計政策(續)

(b) 已頒佈但於2016年1月1日年度開始後生效新準則及修正準則

下列新準則及修正準則已頒佈，但於2016年1月1日開始的財政年度尚未生效，且本集團並無提前採納：

		Effective for annual periods beginning on or after 開始於或之後的 年度期間生效
HKAS 7 (Amendment) 香港會計準則第7號(修正)	Disclosure Initiative 披露計劃	1 January 2017 2017年1月1日
HKAS 12 (Amendment) 香港會計準則第12號(修正)	Recognition of Deferred Tax Assets for Unrealized Losses 未變現虧損之遞延所得稅資產的確認	1 January 2017 2017年1月1日
HKFRS 2 (Amendment) 香港財務報告準則第2號(修正)	Classification and Measurement of Share-based Payment Transactions 以股份為基礎付款之交易的分類及計量	1 January 2018 2018年1月1日
HKFRS 9 香港財務報告準則第9號	Financial Instruments 金融工具	1 January 2018 2018年1月1日
HKFRS 10 and HKAS 28 (Amendment) 香港財務報告準則第10號及 香港會計準則第28號(修正)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營或合營企業之間的資產出售或注資	To be determined 待定
HKFRS 15 香港財務報告準則第15號	Revenue from Contracts with Customers 源自與客戶訂定合約之收入	1 January 2018 2018年1月1日
HKFRS 16 香港財務報告準則第16號	Leases 租賃	1 January 2019 2019年1月1日

The Group has already commenced an assessment of the impact of the above new standards and amendments to standards but is not yet in a position to state whether these new standards and amendments to standards would have a significant impact on its results of operations and financial position.

本集團已經開始對上列之新準則及修正準則進行評估，目前尚未確定該等新準則及修正準則是否對經營業績及財務狀況構成重大影響。

4. Financial risk management and financial instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest rate risk. There have been no changes in any risk management policies since 2015 year end. Compared to 2015 year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

4.2 Fair value estimation

The Group's investments in financial instruments are measured in the balance sheet at fair value. The fair value measurements are disclosed by level of the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

4. 財務風險管理及金融工具

4.1 財務風險因素

本集團因其業務須承受各種不同的財務風險：市場風險（包括外匯風險和價格風險）、信貸風險、流動資金風險和現金流量及公平值利率風險。自2015年終至此，沒有風險管理政策上的改變。與2015年終比較，財務負債之具合約性未貼現的現金流量沒有重大的改變。

本簡明綜合中期財務資料並未包括所有財務風險管理資料及於年度財務報表必須之披露，並應與本集團截至2015年12月31日止年度之綜合財務報表一併閱讀。

4.2 公平值估計

本集團的金融工具之投資於資產負債表中以公平值計量並按下列公平值計量的級別分類法披露：

- 第1層級 – 相同資產或負債於活躍市場的報價（未經調整）；
- 第2層級 – 除包括於第1層級的報價外，可直接（即價格）或間接（即由價格衍生）觀察出資產或負債的輸入資料；
- 第3層級 – 非由可觀察的市場數據的資產或負債的輸入資料（即非可觀察的輸入資料）。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

4. Financial risk management and financial instruments (continued)

4.2 Fair value estimation (continued)

The Group's financial assets at fair value through profit or loss were as follows:

		Unaudited 未經審核 30 June 2016 2016年6月30日			Audited 經審核 31 December 2015 2015年12月31日		
		Level 1 第1層級 US\$'000 千美元	Level 2 第2層級 US\$'000 千美元	Total 總計 US\$'000 千美元	Level 1 第一層級 US\$'000 千美元	Level 2 第二層級 US\$'000 千美元	Total 總計 US\$'000 千美元
Unlisted	非上市						
Deposit notes	存款票據	-	-	-	-	200	200
Derivative financial instruments	衍生金融工具	-	97	97	-	92	92
Marketable bonds	可買賣債券	23,965	-	23,965	23,718	-	23,718
Marketable funds	可買賣基金	23,897	-	23,897	21,506	-	21,506
Listed	上市						
Equity securities	股票	15,086	-	15,086	16,623	-	16,623
Fund	基金	51	-	51	54	-	54
		62,999	97	63,096	61,901	292	62,193

There were no transfers between level 1 and 2 as well as no other changes in valuation techniques during the period.

4.3 Valuation techniques for deriving Level 1 and 2 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices as at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 financial assets comprise deposit notes and forward foreign exchange contracts.

4. 財務風險管理及金融工具(續)

4.2 公平值估計(續)

本集團通過損益以反映公平價值之財務資產列載如下：

期內沒有第1和第2層級之間的轉移，以及沒有轉變估值方法。

4.3 應用於第1與第2層級公平值的估值方法

在活躍市場買賣的金融工具的公平值根據資產負債表日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務者或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。本集團持有的金融資產的市場報價為當時買方報價。此等工具包括在第1層級。

第2層級的財務資產包括存款票據及遠期外匯合約。

4. Financial risk management and financial instruments (continued)

4.3 Valuation techniques for deriving Level 1 and 2 fair values (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter instruments) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. The instruments will be included in level 2 if all significant inputs, other than the quoted prices included within level 1 required to fair value an instrument, are observable either directly (that is, as prices) or indirectly (that is, derived from prices).

Forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

4.4 Valuation process

The Group adopted the fair values of the financial instruments provided by reputable financial institutions which are using advanced financial valuation technique.

4.5 Fair value of financial assets and liabilities measured at amortized cost

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Pledged bank deposits, short-term fixed deposits, cash and cash equivalents
- Trade and other payables
- Bank loan
- Other current liabilities

4. 財務風險管理及金融工具(續)

4.3 應用於第1與第2層級公平值的估值方法(續)

不在活躍市場交易的金融工具(如：不透過交易所買賣之工具)的公平值採用估值方法確定。該等估值方法盡量使用可觀察之市場數據，並盡可能少依賴公司個別估算。如所需的輸入資料全是可觀察的，除包括於第1層級的報價以制定公平值的工具外，該項工具可直接(即價格)或間接(即由價格衍生)觀察出資產或負債的輸入資料會分類為第2層級。

遠期外匯合約已按於活躍市場取得之遠期兌換率以公平值確認。貼現率的影響對第2層級衍生工具一般並不重大。

4.4 估算程序

本集團採納應用先進估值方法之有信譽的金融機構為金融工具提供的公平值。

4.5 以攤銷成本披露的財務資產及負債之公平值

以下財務資產及負債的公平值與其賬面值接近：

- 應收款及其他應收款
- 已抵押的銀行存款、短期定期存款、現金及現金等價物
- 應付款及其他應付款
- 銀行貸款
- 其他流動負債

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

5. Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

6. Segment information

The Group has 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, smart TVs and other smart devices including consumer electronics products, wearables, portable devices, and industrial appliances.

The Group has been operating in one single operating segment, i.e. the design, development and sales of proprietary IC products and system solutions.

The chief operating decision-makers have been identified as the Executive Directors and senior management led by the Chief Executive Officer. The Executive Directors and senior management reviewed the Group's internal reporting to assess performance and allocate resources. A management approach has been used for the operating segment reporting.

5. 關鍵會計估算及判斷

編製簡明綜合中期財務資料需要管理層運用判斷、估算及對應用會計政策和報告資產及負債數額、收入及費用時有影響的假設。故此，真實結果可能與估算不同。

編製本簡明綜合中期財務資料時，管理層需要對運用本集團的會計政策作出的重要判斷及關鍵不確定的估算資料來源與本公司截至2015年12月31日止年度的綜合財務報表一致。

6. 分部資料

本集團主要從事設計、開發、銷售專有IC產品及系統解決方案，能廣泛應用於各類智能手機、智能電視及其他智能產品，包括消費電子產品、可穿戴式產品、便攜式裝置及工業用設備。

本集團一直在單一營運分部經營，即設計、開發及銷售專有IC產品及系統解決方案。

本集團最高營運決策層為行政總裁暨領導下的執行董事和高級管理層。執行董事和高級管理層檢討本集團內部報告以評估業績及分配資源。管理層基於該等報告確定營運分部報告。

6. Segment information (continued)

(a) Sales

Sales amounted to US\$32,887,000 and US\$33,386,000 for the six months ended 30 June 2016 and 2015 respectively.

The Company is domiciled in Hong Kong. The Group mainly operates in Hong Kong. During the period under review, the Group's products were mainly sold to customers located in Taiwan, Hong Kong and China.

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016 US\$'000 千美元	2015 US\$'000 千美元
Taiwan	台灣	12,728	8,668
Hong Kong	香港	11,802	6,139
China	中國	4,172	11,752
Europe	歐洲	1,693	3,230
Japan	日本	1,079	1,058
Korea	韓國	576	1,356
South East Asia	東南亞	365	504
USA	美國	134	255
Others	其他	338	424
		32,887	33,386

Sales are classified based on the places/countries in which customers are located.

銷售額按客戶所在地區／國家分類。

(b) Total assets

		Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Hong Kong	香港	92,818	97,752
China	中國	18,164	19,882
Taiwan	台灣	4,474	4,964
South East Asia	東南亞	290	285
Others	其他	476	498
		116,222	123,381

Assets are listed based on where the assets are located. Others mainly comprise Japan and the USA.

資產是根據資產的所在地予以列載。其他主要包括日本及美國。

6. 分部資料(續)

(a) 銷售額

截至2016年及2015年6月30日止6個月，銷售額分別為32,887,000美元及33,386,000美元。

本公司的所在地位於香港。本集團主要於香港經營其業務。於回顧期內，本集團之產品主要銷售予位於台灣、香港及中國的客戶。

(b) 總資產

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

6. Segment information (continued)

(c) Capital expenditures

		Property, plant and equipment 物業、機器及設備	
		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2016	2015
		US\$'000	US\$'000
		千美元	千美元
China	中國	56	580
Hong Kong	香港	39	49
Others	其他	1	41
		96	670

Capital expenditures are listed based on where the assets are located.

資本開支是根據資產的所在地予以列載。

7. Expenses by nature

Expenses included in cost of sales, research and development costs, selling and distribution expenses and administrative expenses are analyzed as follows:

7. 按性質分類的開支

包括在銷售成本、研究及開發成本、銷售及分銷開支和行政開支內的開支分析如下：

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2016	2015
		US\$'000	US\$'000
		千美元	千美元
Cost of inventories sold	售出存貨成本	20,341	20,165
Product engineering costs	產品工程成本	2,422	2,085
Provision for/(write-back of provision for) obsolete or slow moving inventories	過時或滯銷存貨的撥備/(回撥)	1,045	(133)
Amortization of intangible assets	攤銷無形資產	7	8
Depreciation of owned property, plant and equipment	自置物業、機器及設備的折舊	414	429
Operating leases for land and buildings	土地及樓宇的經營租賃	718	547
Employee benefit expenses (including Directors' emoluments):	僱員福利開支 (包括董事酬金):		
– Equity compensation	– 股本權益報酬	126	86
– Non-equity compensation	– 非股本權益報酬	10,422	9,957
– Severance & long service expenses	– 遣散費及長期服務金	1,421	9
Net exchange loss/(gain)	淨匯兌虧損/(收益)	72	(32)

8. Finance income – net

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016 US\$'000 千美元	2015 US\$'000 千美元
Interest income	利息收入	818	902
Dividend income	股息收入	477	509
Gain/(loss) on disposal of FVTPL	出售FVTPL的收益/(虧損)	(553)	716
Net unrealizable gain or loss from FVTPL:	FVTPL未變現的淨收益或虧損：		
– Fair value gain of financial assets	– 財務資產的公平值收益	1,123	2,055
– Fair value loss of financial assets	– 財務資產的公平值虧損	(1,798)	(628)
Interest expense of bank loan	銀行貸款的利息支出	(2)	(3)
Others	其他	1	–
		66	3,551

9. Income tax

Hong Kong income tax has been provided at the rate of 16.5% (2015: 16.5%) while overseas income tax has been provided at the rates of taxation prevailing in the countries in which the Group operates. No provision for Hong Kong income tax has been made as the Group has no estimated assessable profits for the six months ended 30 June 2016 and 2015.

9. 所得稅

香港所得稅已根據稅率16.5%(2015年：16.5%)計算，而海外所得稅則根據本集團的營運所在國家之適用稅率計算，本集團因截至2016年及2015年6月30日止6個月並無估計應課稅溢利而毋須作香港所得稅撥備。

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016 US\$'000 千美元	2015 US\$'000 千美元
Current income tax:	本期所得稅：		
– Hong Kong	– 香港	–	–
– Overseas	– 海外	1	2
Write-back of income tax provision in prior years	以往年度估算所得稅的回撥	(452)	–
Income tax expenses/(credit)	所得稅支出/(收入)	(451)	2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

10. Earnings/loss per share

(a) Basic earnings/loss per share

The basic earnings/loss per share is calculated based on the Group's profit/loss for the period attributable to the equity holders of the Company and the weighted average number of 2,477,102,351 (1H 2015: 2,467,502,351) ordinary shares in issue during the periods.

The Group's loss for the period attributable to the equity holders of the Company was US\$6,382,000 (1H 2015 profit: US\$859,000).

(b) Diluted earnings/loss per share

The diluted earnings/loss per share is calculated based on the Group's profit/loss attributable to the equity holders of the Company and the weighted average number of ordinary shares after adjusting for the effects of all dilutive potential ordinary shares during the period.

The information related to the weighted average number of ordinary shares is as follows:

10. 每股溢利／虧損

(a) 每股基本溢利／虧損

每股基本溢利／虧損是根據本公司的權益持有人應佔本集團之溢利／虧損及本期內已發行普通股加權平均數2,477,102,351股(2015上半年：2,467,502,351股)計算。

本公司的權益持有人期內應佔本集團之虧損為6,382,000美元(2015上半年溢利：859,000美元)。

(b) 每股攤薄溢利／虧損

每股攤薄溢利／虧損乃根據本公司的權益持有人應佔本集團之溢利／虧損及已就期內所有具攤薄影響的潛在普通股作出調整後之已發行加權平均普通股數計算。

加權平均普通股股數的有關資料列載如下：

		Number of shares 股份數目 Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016	2015
Weighted average number of ordinary shares in issue	已發行加權平均普通股股數	2,477,102,351	2,467,502,351
Conversion of all dilutive share options outstanding ⁽ⁱ⁾	兌換所有可予發行具攤薄影響的流通購股權 ⁽ⁱ⁾	-	2,483,384
Adjusted weighted average number of ordinary shares for diluted earnings/loss per share calculation	用作計算每股攤薄溢利／虧損的調整後平均普通股股數	2,477,102,351	2,469,985,735

(i) As at 30 June 2016, there were 31,250,000 share options outstanding which could potentially have a dilutive impact but were anti-dilutive for the period then ended. Hence, there was no dilutive effect on the calculation of the diluted loss per share for the period ended 30 June 2016.

(i) 於2016年6月30日，可予發行具攤薄影響的購股權為31,250,000股。該等股份本具有攤薄影響，但於計算每股攤薄虧損則產生反攤薄影響。因此，並無2016年6月30日止期內的每股攤薄虧損造成攤薄影響。

11. Dividend

No dividend for the year ended 31 December 2015 was declared or paid by the Company. In addition, the Board resolved not to declare an interim dividend for the six months ended 30 June 2016.

12. Trade and other receivables

		Note	Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Trade receivables	應收款		12,511	12,022
Trade receivables from related parties	關聯方應收款	17	600	2,629
Total trade receivables – net	應收款 – 淨額		13,111	14,651
Deposits, prepayments and other receivables	訂金、預付款及其他應收款		3,972	4,071
Prepayment to related parties	關聯方預付款	17	113	237
Trade and other receivables – current portion	應收款及其他應收款 – 流動		17,196	18,959
Deposit – non-current portion	訂金 – 非流動		268	225
			17,464	19,184

As at 30 June 2016, the Group's trade receivables from customers were mainly on credit terms of 30 to 90 days. The ageing analysis of trade receivables not impaired based on overdue days is as follows:

		Note	Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Current	即期		11,653	10,422
1–30 days	1–30日		1,096	3,545
31–60 days	31–60日		362	527
61–90 days	61–90日		–	85
91–180 days	91–180日		–	36
181–365 days	181–365日		–	36
			1,458	4,229
			13,111	14,651

As at 30 June 2016, trade receivables of US\$1,458,000 (31 December 2015: US\$4,229,000) were considered past due if measured against the credit terms offered. All the overdue sum was not impaired since most of the overdue sum has been settled after the balance sheet date.

As at 30 June 2016 and 31 December 2015, no trade receivables were impaired and provided for.

11. 股息

本公司並沒有宣派或派付截至2015年12月31日止年度之股息。董事會亦決議不宣派截至2016年6月30日止6個月的中期股息。

12. 應收款及其他應收款

於2016年6月30日，本集團對客戶之應收款信貸期主要為30至90日。沒有減值撥備的應收款以過期日期的賬齡分析如下：

於2016年6月30日，若以所給予的信貸期計算，逾期之應收款為1,458,000美元（2015年12月31日：4,229,000美元）。因多數逾期未收之款項於結算日後已收訖，所以全部該等逾期未收之款項並未作減值。

於2016年6月30日及2015年12月31日，並沒有應收款被減值或撥備。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)
簡明綜合中期財務資料附註(續)

13. Share capital

13. 股本

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月			
		2016		2015	
		Number of shares 股份數目	US\$'000 千美元	Number of shares 股份數目	US\$'000 千美元
Authorized:	法定：				
– Ordinary shares of HK\$0.10 each	– 每股面值0.10港元的普通股	5,000,000,000	64,433	5,000,000,000	64,433
Issued and fully paid:	已發行及繳足：				
– At 1 January and 30 June	– 於1月1日及於6月30日	2,477,102,351	31,926	2,467,502,351	31,803

14. Trade and other payables

14. 應付款及其他應付款

		Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Trade payables	應付款	7,748	10,029
Accrued expenses and other payables	應計開支及其他應付款	5,152	3,564
		12,900	13,593

As at 30 June 2016, the ageing analysis of trade payables based on overdue days is as follows:

於2016年6月30日，應付款以逾期日起的賬齡分析如下：

		Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Current	即期	7,093	7,227
1–30 days	1–30日	321	2,535
31–60 days	31–60日	254	185
61–90 days	61–90日	–	–
Over 90 days	超過90日	80	82
		7,748	10,029

15. Equity compensation scheme

(a) The Share Option Scheme

The Company adopted a share option scheme ("2013 Share Option Scheme") at the annual general meeting held on 28 May 2013.

15,000,000 share options were granted in January 2016 to the newly appointed Chief Executive Officer. As at 30 June 2016, there were in total 31,250,000 (17,700,000 as at 31 December 2015) valid share options outstanding.

During the period, movements in the number of share options outstanding under the share option scheme and their related exercise prices are as follows:

15. 股本權益報酬計劃

(a) 購股權計劃

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃(「2013購股權計劃」)。

15,000,000股購股權於2016年1月授出予新加盟的行政總裁。於2016年6月30日，合共有31,250,000(於2015年12月31日：17,700,000)股有效購股權未經行使。

期內，關於購股權計劃尚未行使購股權數目的變動及其有關行使價列載如下：

Grant date 授出日期	Exercise price per share HK\$ 每股行使價 港元	Unaudited 未經審核 Number of share options (in thousand units) 購股權數目(以千位計)				Held at 30 June 2016 於2016年 6月30日持有	Expiry date 到期日
		Held at 1 January 2016 於2016年 1月1日持有	Granted during the period 期內 已授出	Forfeited during the period 期內 已放棄			
4 October 2013 2013年10月4日	0.3450	1,600	—	—	1,600	30 September 2016 2016年9月30日	
9 October 2014 2014年10月9日	0.3950	7,100	—	—	7,100	29 September 2017 2017年9月29日	
	0.3950	1,500	—	(400)	1,100	28 September 2018 2018年9月28日	
30 March 2015 2015年3月30日	0.3090	350	—	—	350	30 March 2018 2018年3月30日	
	0.3090	350	—	(250)	100	29 March 2019 2019年3月29日	
2 October 2015 2015年10月2日	0.3150	5,800	—	(800)	5,000	28 September 2018 2018年9月28日	
	0.3150	1,000	—	—	1,000	30 September 2019 2019年9月30日	
11 January 2016 2016年1月11日	0.3690	—	2,500	—	2,500	29 March 2019 2019年3月29日	
	0.3690	—	2,500	—	2,500	31 December 2019 2019年12月31日	
	0.3690	—	2,500	—	2,500	31 March 2020 2020年3月31日	
	0.3690	—	2,500	—	2,500	31 December 2020 2020年12月31日	
	0.3690	—	2,500	—	2,500	31 March 2021 2021年3月31日	
	0.3690	—	2,500	—	2,500	31 December 2021 2021年12月31日	
Total 總計		17,700	15,000	(1,450)	31,250		

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

15. Equity compensation scheme (continued)

(a) The Share Option Scheme (continued)

The Company has been using the Black-Scholes Valuation Model to value the share options granted. The key parameters used in the Model and the corresponding fair values of the share options granted during the period ended 30 June 2016 and 2015 are listed below:

		2016	2015
		11 January	30 March
		1月11日	3月30日
Date of grant	授出日期		
Number of share options granted	已授出購股權數目	15,000,000	1,000,000
Total share option value	購股權總值		
– HK\$'000	– 千港元	1,809	84
– US\$'000 equivalent	– 千美元等值	233	11
Share price at date of grant (HK\$)	授出日期的股價(港元)	0.325	0.295
Exercise price (HK\$)	行使價(港元)	0.369	0.309
Expected life of options (years)	購股權的預期限期(年)	2-5	2-3
Annualized volatility	年度波幅	54.2-59.7%	50.1-57.1%
Risk free interest rate	無風險利率	0.44%	0.43%
Dividend payout rate	派息率	–	–

The Black-Scholes Valuation Model is used to estimate the fair values of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the Model used. The value of a share option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of a share option.

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily closing share prices over the last two years.

15. 股本權益報酬計劃(續)

(a) 購股權計劃(續)

本公司一直使用畢蘇購股權訂價模式計算已授出的購股權。於截至2016年及2015年6月30日止期內已授出購股權的公平值及應用此模式的主要參考數據如下：

畢蘇訂價模式是用來估算歐式購股權的公平值。計算出的公平值受給定假設和模式自身限制而具有固有的主觀性及不確定。購股權的價值會隨著某些主觀假設的不同變數而改變。所採用的變數的任何改變可能會對購股權公平值的估算造成重大影響。

波幅乃基於過去兩年每日股份收市價的統計分析之股份複合回報之標準差計算出來。

15. Equity compensation scheme (continued)

(b) The Share Award

Based on the recommendation of the Remuneration Committee of the Board, 2,292,000 ordinary shares of the Company ("Awarded Shares") has been awarded conditionally to the Chief Executive Officer (the "Beneficiary") as a long-term incentive in January 2016.

In the absence of an award share scheme and trustee upon successful vesting of the Awarded Shares, and subject to the Listing Rules, the Beneficiary shall instruct an agent or a broker to purchase the Awarded Shares directly from the market, with the cash reserve made available by the Company.

Grant date
18 January 2016

Closing price of the shares of the Company on the date of grant
HK\$0.31

Vesting condition and schedule

Subject to the annual results for the year ending 31 December 2016, of which:

- 1,146,000 shares will be vested after the close of business on 31 March 2017 ^(note 1)
- 1,146,000 shares will be vested after the close of business on 31 December 2017.

Note 1:

Must be an active employee with the Group as at 31 December of the financial year of which the performance is observed.

The Group has adopted the requirements under HKFRS 2 to account for the equity compensation expenses of the shares granted as at the date of grant at fair value.

15. 股本權益報酬計劃(續)

(b) 股份頒授

根據董事會薪酬委員會的建議，本公司於2016年1月向行政總裁(「受益人」)附條件地授予2,292,000股本公司的普通股(「頒授股份」)作為長期獎勵。

頒授股份於成功歸屬時倘未有股份獎勵計劃及受託人的情況下，並於上市規則容許下，受益人將指令代理人或經紀以由本公司提供的現金儲備於市場直接購買頒授股份。

授出日期
2016年1月18日

本公司股份於授予日期的收市價
0.31港元

歸屬條件與期限

依據截至2016年12月31日止年度全年業績，其中：

- 1,146,000股股份會於2017年3月31日^(附註1)營業日完結後歸屬
- 1,146,000股股份會於2017年12月31日營業日完結後歸屬

附註1：

必須在與表現掛鈎的財政年度的12月31日仍屬本集團的在職僱員。

本集團已遵照香港財務報告準則第2號之要求，為股本權益報酬開支按股份授出日期的適用公平值入賬。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

16. Commitments

(a) Capital commitments

Capital expenditure contracted but not provided for as at the balance sheet date is as follows:

		Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Property, plant and equipment	物業、機器及設備	54	-

Aside from the aforesaid, there was no other material capital commitment or contingent liability.

(b) Operating lease commitments – the Group as lessee

The future aggregate minimum lease payments under non-cancelable leases are as follows:

		Unaudited 未經審核 30 June 6月30日 2016 US\$'000 千美元	Audited 經審核 31 December 12月31日 2015 US\$'000 千美元
Not later than 1 year	不超過一年	1,599	1,581
Later than 1 year and not later than 5 years	超過一年，但不超過五年	1,519	2,266
		3,118	3,847

16. 承擔

(a) 資本承擔

於結算日已商定合約但未撥備的資本開支列載如下：

除上述已披露者外，集團概無其他重大資本承擔或或然負債。

(b) 經營租賃承擔—本集團為承租人

根據不可撤銷經營租賃，未來最低租賃總額列載如下：

17. Related party transactions

The Company understands that China Electronics Corporation, a state-owned information technology conglomerate under the administration of the central government of the PRC, owns approximately 28.5% of the issued shares of the Company through its interest in Huada during the period and is thus a substantial shareholder of the Company. Transactions between the Group and the subsidiaries or associates of CEC are regarded as transactions with related parties.

The following transactions were carried out with related parties:

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2016 US\$'000 千美元	2015 US\$'000 千美元
Sales:	銷售：		
Subsidiaries of CEC	CEC的附屬公司	1,184	7,578
Associate of CEC	CEC的聯繫人	–	990
Purchases:	購買：		
Subsidiaries of CEC	CEC的附屬公司	169	152

Period-end balances arising from sales/purchases:

由銷售／採購構成的期終帳目：

		Unaudited 未經審核 30 June 6月30日		Audited 經審核 31 December 12月31日
		2016 US\$'000 千美元	2015 US\$'000 千美元	
		Note 附註		
Trade receivable:	應收款：	12		
Subsidiaries of CEC	CEC的附屬公司		600	2,286
Associate of CEC	CEC的聯繫人		–	343
Prepayment:	預付款：	12		
Subsidiaries of CEC	CEC的附屬公司		113	237

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 25, which comprises the interim condensed consolidated balance sheet of Solomon Systech (International) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2016 and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 August 2016

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

中期財務資料的審閱報告



羅兵咸永道

致SOLOMON SYSTECH (INTERNATIONAL) LIMITED 董事會

(於開曼群島註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第3至25頁的中期財務資料，此中期財務資料包括Solomon Systech (International) Limited(「貴公司」)及其子公司(合稱「貴集團」)於2016年6月30日的簡明綜合中期資產負債表與截至該日止6個月期間的相關簡明綜合中期損益表、簡明綜合中期全面收入報表、簡明綜合中期權益變動表和簡明綜合中期現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所

執業會計師

香港，2016年8月23日

羅兵咸永道會計師事務所，香港中環太子大廈二十二樓
總機：+852 2289 8888，傳真：+852 2810 9888，www.pwchk.com

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Overview

During the period under review, the Group's total sales were US\$32.9 million, with a net loss of US\$6.4 million recorded.

Sales and Gross Profit

During the period, the Group achieved a slight increase in total unit shipments of around 2% year-on-year to approximately 84.4 million units (1H 2015: 82.7 million units). Despite a major year-on-year increase in the unit shipments of the Group's mobile display ICs, and a satisfactory rise in the unit shipments of PMOLED display driver ICs together with bistable display driver ICs, the increase in overall unit shipments was small. This was primarily attributable to a significant drop in the unit shipments of the Group's large panel TFT display driver ICs by 76% year-on-year to around 4.0 million units (1H 2015: 17.0 million units), owing to decreased customer demand, and also the fact that new products were slow in achieving design wins to contribute to the overall unit shipments.

The overall book-to-bill ratio of the Group for the period in 2016 was 1.0 (1H 2015: 1.1).

Due mainly to erosion of the average selling price of certain products of the Group under intense price competition, the total sales of the Group decreased by approximately by 1% to around US\$32.9 million (1H 2015: US\$33.4 million). The reduction in total sales, compounded by a change in the product mix, has resulted in a decrease of the gross margin by 4.2 percentage points to 31.7% (1H 2015: 35.9%). Accordingly, the gross profit of the Group for the period was US\$10.4 million (1H 2015: US\$12.0 million), decreased by 13% year-on-year.

Costs and Expenses

The Group has remained vigilant in controlling its expenses but as a technology company, it is committed to investing in product R&D and business development. The Group's total expenses, including product R&D costs, S&D expenses and administrative expenses (inclusive of US\$1.4 million of severance and long service expenses), were US\$17.6 million (1H 2015: US\$14.7 million).

The Group remained selective in its product R&D spending. Its product R&D costs were US\$9.6 million (1H 2015: US\$8.9 million), up US\$0.7 million. Product R&D expenses to sales ratio was 29.2% (1H 2015: 26.8%).

S&D expenses increased slightly to US\$1.7 million (1H 2015: US\$1.4 million). S&D expenses to sales ratio was 5.3% (1H 2015: 4.2%).

財務回顧

概覽

於回顧期內，本集團的總銷售額為32.9百萬美元，錄得虧損淨額6.4百萬美元。

銷售及毛利

期內，本集團總付運量按年輕微增加2%至84.4百萬件(2015上半年：82.7百萬件)。本集團的移動顯示IC的付運量按年大幅上升，而PMOLED顯示驅動器IC加上雙穩態顯示驅動器IC的付運量亦有理想升幅。然而，本集團的總付運量增長輕微，主要由於本集團大屏幕TFT顯示驅動器IC因客戶需求減少而大幅下跌76%至約4.0百萬件(2015上半年：17.0百萬件)，加上新產品於贏取訂單方面稍緩，未能為整體付運量作出貢獻。

2016年期內總訂單出貨比率為1.0(2015上半年：1.1)。

主要由於集團某類產品因市場競爭激烈至使產品混合平均售價下跌，本集團總銷售額微跌1%至約32.9百萬美元(2015上半年：33.4百萬美元)。總銷售額的減少，加上產品組合變動，致使毛利率減少4.2個百分點至31.7%(2015上半年：35.9%)。因此，本集團之毛利較去年同期下降13%至10.4百萬美元(2015上半年：12.0百萬美元)。

成本及開支

本集團繼續審慎控制開支，但作為一家科技公司，本集團致力投放資金於產品工程開發及業務發展。本集團的總開支，包括產品工程開發成本、銷售及分銷開支加上行政開支(包含1.4百萬美元遣散費及長期服務金)為17.6百萬美元(2015上半年：14.7百萬美元)。

本集團在選擇產品工程開發重點時保持審慎。產品工程開發成本為9.6百萬美元(2015上半年：8.9百萬美元)，增加0.7百萬美元。產品工程開發成本佔銷售額的29.2%(2015上半年：26.8%)。

銷售及分銷開支輕微增加至1.7百萬美元(2015上半年：1.4百萬美元)，銷售及分銷開支與銷售額比率為5.3%(2015上半年：4.2%)。

Administrative expenses were US\$6.3 million, increased by US\$1.9 million compared with US\$4.4 million in 1H 2015. The increase was mainly attributed to one-off severance and long service expenses of US\$1.4 million as a result of the organizational realignment to focus on products with higher long-term value and to drive greater efficiency under the Group's customer-oriented strategy.

Finance Income – Net

The Group has invested in financial assets as part of its treasury management for interest and dividend income. During the period under review, the Group recorded an interest and dividend income of US\$1.3 million (1H 2015: US\$1.4 million).

Given the poor market sentiment amid economic uncertainty, a loss on disposal of certain financial assets of US\$0.6 million (1H 2015 gain: 0.7 million) was registered.

The Group's financial assets at fair value through profit or loss ("FVTPL Portfolio") is stated at fair value. FVTPL Portfolio traded in active markets is based on quoted market prices as at the reporting date. The FVTPL Portfolio as at balance sheet date was pursuant to the mark-to-market prices as at 30 June 2016 and a net unrealized loss of US\$0.7 million (1H 2015 net unrealized gain: US\$1.4 million) was recorded, resulted mainly from the fair value loss of equity securities.

As a result, the Group recorded a breakeven net income of US\$0.1 million (1H 2015: US\$3.6 million) from treasury investment.

The Group has an internal treasury review team (the "Team") to execute treasury management policy, review the overall investment portfolio and monitor the performance on a regular basis to increase the yield of cash reserves. The Team conducts monthly review teleconferences with individual external portfolio managers and holds monthly internal review meetings to evaluate and monitor the investment performance. Over 80% of the FVTPL was under external professional portfolio management as at 30 June 2016.

The Group maintains a well-diversified investment portfolio to minimize any financial risks (including market risk, foreign exchange risk and price risk). As at the balance sheet date, 38% (31 December 2015: 38%), 38% (31 December 2015: 35%) and 24% (31 December 2015: 27%) of the FVTPL Portfolio was marketable bonds, marketable funds and equity securities respectively. During the period under review, over 70% of the FVTPL Portfolio was invested in the Asia Pacific market, with the rest in the US, European and other markets. The Group, alongside with external professional portfolio management, held more than 150 individual marketable bonds and equity securities.

行政開支為6.3百萬美元，比對2015上半年4.4百萬美元，增加1.9百萬美元。增加主要為按本集團的以顧客為本策略下提高效率，並加強專注於具長遠價值的產品而進行的營運重組所帶來的一次性遣散費及長期服務金約1.4百萬美元。

投資收入－淨額

本集團投資於財務資產作資金管理以獲取利息及股息收入。於回顧期內，本集團錄得利息及股息收入1.3百萬美元（2015上半年：1.4百萬美元）。

在經濟不穩及市況低迷的情況下，基於出售部份財務資產而錄得0.6百萬美元虧損（2015上半年收益：0.7萬美元）。

本集團之通過損益反映公平價值的財務資產（「FVTPL投資組合」）按公平值列賬。FVTPL投資組合於活躍市場交易的財務資產之公平值乃基於結算日的市場報價。於結算日之FVTPL投資組合按2016年6月30日市價作基準估值錄得未變現淨額虧損為0.7百萬美元（2015上半年收益：1.4百萬美元），主要來自股票證券的公平值虧損。

整體結果，本集團於財政庫務投資錄得收支平衡淨額收入0.1百萬美元（2015上半年：3.6百萬美元）。

本集團設有內部庫務審閱小組（「小組」），負責執行庫務管理政策、審閱整體投資組合及定期監察投資表現以提升現金儲備的回報率。該小組每月與外聘之投資組合管理經理進行電話會議及舉行內部審閱會議以檢討及監察投資表現。於2016年6月30日，超過80%之FVTPL乃由外聘專業投資組合管理。

本集團維持多元化的投資組合，以減低財務風險（包括市場風險、外匯風險和價格風險）。於結算日，FVTPL投資組合的38%（2015年12月31日：38%）、38%（2015年12月31日：35%）及24%（2015年12月31日：27%）分別為可買賣債券、可買賣基金及股票。於回顧期內，超過70%之FVTPL投資組合投資於亞太市場，其餘則投資於美國、歐洲及其他市場。本集團聯同外聘專業投資組合管理下，持有許多於150隻可供買賣債券及股票。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

With the FVTPL Portfolio maintained as of 30 June 2016, the Group expects a stable stream of interest income to be sustained. As at 31 July 2016 and the Latest Practicable Date, the fair values of the FVTPL Portfolio were up from the fair values as at 30 June 2016 by no less than approximately 3%. The change in fair values was primarily driven by the overall stabilizing market subsequent to 30 June 2016.

More details of FVTPL of the Group are set out in note 4 to the condensed consolidated interim financial information.

Net Profit and Loss

The decrease in gross profit and the increase in expenses due to organization realignment, together with the net unrealizable fair value loss from FVTPL which offset most of the financial income, the pretax loss for the six months ended 30 June 2016 was US\$6.8 million (1H 2015 profit: US\$0.9 million).

Furthermore, there was a reversal of US\$0.4 million for a provision of Hong Kong income tax. Accordingly, the loss attributable to the equity holders of the Company for the six months ended 30 June 2016 was US\$6.4 million (1H 2015 profit: US\$0.9 million).

The Board resolved not to declare an interim dividend for the six months ended 30 June 2016.

Liquidity and Financial Resources

Total cash and cash equivalents and bank deposits of the Group were US\$22.0 million as at 30 June 2016, a reduction of US\$4.1 million, compared to US\$26.1 million as at 31 December 2015. Cash and cash equivalents and bank deposits of the Group were mainly denominated in US dollar and Renminbi.

Net cash used in operating activities during the period was US\$2.8 million (1H 2015: US\$6.1 million). The cash outflow in operating activities was mainly due to the net loss before income tax of US\$6.8 million and the increase in working capital, which comprised net of receivables, inventories and payables, amounted to US\$3.5 million.

The Group will continue to allocate funds for product development, securing production capacity, broadening its customer base and capture market and sales opportunities, entering into strategic corporate ventures and meeting general corporate operational purposes. The Group will also continue to execute its treasury management policy to enhance the yield of cash reserves during the period of low interest return. As at 30 June 2016, the Group had no major borrowing other than the US\$0.2 million in a mortgage loan, which was denominated in New Taiwan dollars for the purchase of an office property in Hsinchu, Taiwan. The Group's cash balance was mainly invested in various deposits in banks.

如於2016年6月30日持有之FVTPL投資組合保持不變，本集團預期可以維持穩定利息收入。於2016年7月31日及最後實際可行日期，FVTPL投資組合的公平值比2016年6月30日高出不少於約3%，該公平值的改變主要源於2016年6月30日後市場整體逐漸穩定。

有關本集團之FVTPL的更多詳情可參閱簡明綜合中期財務資料附註4。

盈虧淨額

毛利減少及架構重組造成的開支增加，加上FVTPL未變現公平值淨虧損抵消大部分財務收入，截至2016年6月30日止6個月之除稅前虧損為6.8百萬美元(2015上半年盈利：0.9百萬美元)。

另外，所得稅因回撥一筆香港所得稅的撥備錄得所得稅收入0.4百萬美元。因此，本公司權益持有人截至2016年6月30日止6個月應佔虧損為6.4百萬美元(2015上半年盈利：0.9百萬美元)。

董事會決議不宣派截至2016年6月30日止6個月之中期股息。

流動資金及財務資源

於2016年6月30日，本集團的現金及現金等價物和銀行存款總計為22.0百萬美元，而於2015年12月31日則為26.1百萬美元，減少4.1百萬美元。現金及現金等價物和銀行存款主要以美元及人民幣結算。

期內經營活動使用的現金淨額為2.8百萬美元(2015上半年：6.1百萬美元)，經營活動現金流出主要由於除稅前虧損6.8百萬美元及營運資金(包括應收款、存貨及應付款之淨額)增加了3.5百萬美元。

本集團將繼續分配資源於產品開發、保障產能、擴大顧客群及把握市場及銷售商機、進行若干策略性企業投資及用作一般公司營運用途。本集團亦將繼續執行庫務管理政策，於低利率期間增加現金儲備之回報率，於2016年6月30日，除了0.2百萬美元(以新台幣結算)作位於台灣新竹之辦公室物業按揭貸款外，本集團並無任何主要借貸。本集團之現金餘額主要投資於銀行各類存款。

Most of the Group's trade receivables and payables are quoted in US dollars. The Group closely monitors the movement of foreign exchange rates and constantly seeks to obtain favorable exchange rates for conversion of US dollars into other currencies for paying local operating expenses. During the period under review, the Group had not used any derivative instruments to hedge against foreign currency exposure in operation as the Board considered this exposure to be insignificant. However, necessary hedging against foreign currency exposure in Euro was arranged by the external professional portfolio managers for the FVTPL Portfolio in Europe.

Capital Expenditure and Contingent Liabilities

In 1H 2016, capital expenditure of the Group was US\$0.1 million (1H 2015: US\$0.7 million), of which the majority was related to the Group's purchase of equipment.

As at 30 June 2016, there was US\$0.1 million capital expenditure contracted but not provided for. As at 31 December 2015, there was no material capital expenditure contracted but not provided for.

Aside from the aforesaid, the Group had no other material capital commitment or contingent liability.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

During the first half of 2016, the Group has implemented a customer-oriented strategy aiming to streamline and optimize resources, and to focus on products with a higher long-term value. The Group's operations have been realigned into two business units, namely Main Display and Advanced Display. The Advanced Display business unit focuses primarily on providing solutions to display devices manufacturers, especially PMOLED and bistable display products for battery-operated applications. The Main Display business unit provides touch control and driver solutions for major LCD panel manufacturers.

During the period under review, the Group recorded a substantial increase in unit shipments by around 92% year-on-year for its mobile display ICs under the Main Display business unit. This was mainly attributable to its new touch display driver IC (TDDI). The unit shipments of PMOLED display driver ICs and bistable display driver ICs under the Advanced Display business unit also achieved a 12% increase year-on-year. Nonetheless, as the unit shipments of the Group's large panel display driver ICs under the Main Display business unit dropped significantly by 76% mainly because of reduced customer demand, the total unit shipments of the Group was up slightly by around 2% year-on-year to approximately 84.4 million units (1H 2015: 82.7 million units). The total sales of the Group were adversely affected by erosion of the average selling price to register a decrease of approximately 1% to around US\$32.9 million.

本集團的主要應收及應付款均以美元結算。本集團會密切監察外幣兌換率的變動，以確保能夠以有利的兌換率將美元兌換成其他貨幣，支付當地的營運開支。於回顧期內，由於董事會認為本集團的外匯風險不高，因此本集團並無運用任何衍生工具以對沖其營運方面的外匯風險。但外聘專業投資經理已運用合適衍生工具以對沖對具有歐羅外匯風險的歐洲FVTPL投資組合。

資本開支與或然負債

於2016上半年，本集團的資本開支為0.1百萬美元(2015上半年：0.7百萬美元)，當中大部分用於本集團購買設備。

於2016年6月30日，共有0.1百萬美元已商定合約但未撥備之資本開支。於2015年12月31日，本集團並沒有重大已商定合約但未撥備之資本開支。

除前述之外，本集團概無其他重大資本承擔或或然負債。

業務回顧及展望

業務回顧

於2016年上半年，本集團實施了以客戶為主導的策略，以精簡及優化資源的運用，並專注於具有較高長期價值的產品。本集團將所營運的業務重組為兩個單元，分別為主流顯示及先進顯示。先進顯示業務單元主要集中為顯示器製造商提供解決方案，特別是應用於電池操作產品之PMOLED及雙穩態顯示產品。主流顯示業務單元則為主要LCD面板製造商提供觸控控制器及驅動器解決方案。

回顧期內，本集團的主流顯示業務單元內的移動顯示IC，付運量按年飆升約92%，增長主要來自其新觸控顯示驅動器IC (TDDI)。先進顯示業務單元內的PMOLED顯示驅動器IC及雙穩態顯示驅動器IC的付運量亦合共按年上升12%。然而，由於本集團主流顯示業務單元內的大型顯示驅動器IC受客戶需求減少導致付運量明顯下跌76%，本集團的總付運量按年只微升約2%至約84.4百萬件(2015年上半年：82.7百萬件)。受到產品的平均售價下降所影響，本集團的總銷售額減少約1%至約32.9百萬美元。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

The Group's unit shipments by business unit during the period under review were as follows:

本集團於回顧期內按業務單元劃分的產品付運量如下：

Units Shipped (million)	付運量(百萬件)	1H 2016 2016上半年	1H 2015* 2015上半年*	Change 變動	2015
Advanced Display	先進顯示	64.1	57.2	+12%	131.6
Main Display	主流顯示	20.3	25.5	-20%	54.1
– Mobile Display IC	– 移動顯示IC	16.3	8.5	+92%	
– Large Display Driver IC	– 大型顯示驅動器IC	4.0	17.0	-76%	
Total	總數	84.4	82.7	+2%	185.7

* Figures aligned based on the regrouping of product lines resulting from the organizational realignment

* 數據已因應營運重整造成的產品線重新歸類而作出調整

Advanced Display

The Advanced Display business unit includes PMOLED display and lighting products, as well as bistable products. The growth momentum of the Advanced Display business during 2015 has carried forward to the period under review. The total unit shipments of Advanced Display products recorded an increase of approximately 12% year-on-year to 64.1 million units (1H 2015: 57.2 million units).

The Group's PMOLED display driver ICs have achieved a number of design-wins with world-renowned wearable health and fitness devices. Bistable Display solutions have achieved design-wins for ESLs, and its segment-type EPD solutions have garnered design-wins for applications covering portable health trackers, medical devices and kids' smartphones.

During the period under review, the Group has extended its product portfolio with 8 new solutions developed to capitalize on the growing needs for color support, higher resolution, greater power efficiency, lower production cost, etc.

The Group has also developed a single-chip OLED lighting driver controller IC ready for design-in. It enables ultra-slim form factor designs, greater power efficiency, and smooth dimming control and brightness transition.

Main Display

The Main Display business unit provides mobile display ICs, including integrated touch control and driver ICs targeting smart mobile devices; as well as LCD display driver ICs for large-display products, including TVs, monitors, notebooks, tablet PCs, etc.

During the period under review, the total unit shipments of the Main Display products were approximately 20.3 million units (1H 2015: 25.5 million units), around 20% decrease year-on-year. This was mainly due to a significant reduction in the unit shipments of large display driver ICs.

先進顯示

先進顯示業務單元包括PMOLED顯示及照明產品，以及雙穩態產品。於回顧期內，先進顯示業務延續了2015年的增長動力，總付運量按年上升約12%至64.1百萬件(2015年上半年：57.2百萬件)。

本集團的PMOLED顯示驅動器IC贏得多個世界知名穿戴式健康及保健產品的訂單。雙穩態顯示解決方案亦取得了電子貨架標籤的訂單，同時其段式EPD解決方案亦爭取到多個應用於穿戴式健康追蹤手帶、醫療產品及兒童智能手機產品的訂單。

於回顧期內，本集團積極擴大產品組合，並透過加入8個全新解決方案，以滿足客戶對彩色支援、更高解像度、更高電源功率、更低生產成本等方面的需求。

本集團亦開發出單晶片OLED照明驅動控制器IC，並可開始設計項目，該產品可實現超薄尺寸、更高電源功率，以及流暢調光控制及亮度調節的設計。

主流顯示

主流顯示業務單位提供移動顯示IC，包括針對智能移動裝置的綜合觸控控制器及驅動器IC，以及大型顯示產品如電視、顯示屏、筆記本電腦及平板電腦等的LCD顯示驅動器IC。

於回顧期內，主流顯示產品的總付運量約為20.3百萬件(2015年上半年：25.5百萬件)，按年減少20%，主要由於大型顯示驅動器IC的付運量明顯減少。

Mobile Display ICs

The unit shipments of the mobile display ICs during the period under review were approximately 16.3 million units (1H 2015: 8.5 million units), a significant increase of around 92% year-on-year, mainly attributed to the Group's new touch display driver IC (TDDI) for FWWGA In-Cell panels.

TDDI integrates touch sensing and display drivers for optimal touch and display performance. TDDI adoption is a technology trend and has become a de facto standard for high-end smart devices. The Group has started mass production of its TDDI for FWWGA panels, and has also developed a new TDDI for FHD LTPS In-Cell panels. The Group's new TFT driver IC targeting FHD IGZO LCD panels for narrow bezel smartphones has started to undergo qualification by a major customer.

The Group has commenced shipment of its MIPI bridge ICs for the virtual reality devices of a key international brand during the review period. The Group has continued to develop new MIPI bridge ICs supporting displays with higher resolution, higher speed and lower power consumption.

Large Display Driver ICs

The unit shipments of the Company's large panel TFT display driver ICs registered a major decrease of 76% year-on-year to around 4.0 million units (1H 2015: 17.0 million units). This was due mainly to the reduction in demand from the Company's major customer. New products' design-wins were also slow to contribute to the unit shipments.

The Group's new IC for UHD TV and FHD notebooks have been undergoing qualification by the major customer.

OUTLOOK

Worldwide LCD and OLED production capacity is expected to grow significantly in the coming two years, especially in China. Accompanying this expansion is an increase in demand for TDDI and display driver ICs. The Group, with its new competitive products and new customer penetration efforts, has good opportunities to grow under such favorable market conditions.

Advanced Display

The Group's PMOLED display driver ICs are expected to see mild growth, underpinned by the panel manufacturing capacity expansion of the industry. In addition, the Group has been developing new PMOLED products to address the growing trends of full color display, larger display size, enhanced functional features and power efficiency, as well as component miniaturization.

移動顯示IC

於回顧期內，移動顯示IC的付運量約為16.3百萬件(2015年上半年：8.5百萬件)，按年上升約92%，增長主要來自本集團應用於FWVGA內嵌式面板的新觸控顯示驅動器IC(TDDI)。

TDDI結合觸控感應及顯示驅動器，達致最佳的觸控及顯示表現。採用TDDI已成為科技趨勢，是高端智能裝置的實際標準。本集團用於FWVGA面板的TDDI已開始量產，並為全高清LTPS內嵌式面板開發出新TDDI。本集團應用於窄框智能手機的全高清IGZO LCD面板的新TFT驅動器IC，已由一名主要客戶開始進行質量認證。

於回顧期內，本集團已開始向一個主要國際品牌付運為虛擬實境裝置開發的MIPI橋接IC。本集團將繼續開發能支援更高解像度、更高速度及更低功耗顯示器的全新MIPI橋接IC。

大型顯示驅動器IC

本公司大型面板TFT顯示驅動器IC的付運量按年明顯下跌76%至約4.0百萬件(2015年上半年：17.0百萬件)，主要是因為本公司主要客戶的需求下降所致。同時新產品贏取訂單速度放緩，未能對付運量作出貢獻。

本集團支援UHD電視及全高清筆記本電腦的嶄新顯示驅動器IC由主要客戶進行質量認證。

展望

全球LCD及OLED產能預計在未來兩年將大增，尤其是來自中國的產能。隨著產能增加，對TDDI及顯示驅動器IC的需求亦將同時增加。本集團憑藉具競爭力的新產品及積極拓展新客源，在有利的市場環境下有更多機遇壯大發展。

先進顯示

隨著行內的面板產能擴張，本集團的PMOLED顯示驅動器IC預計將有溫和增長。此外，本集團正開發新的PMOLED產品，以滿足對全色顯示、更大尺寸顯示器、更強功能及電源功率、以及微型化部件等與日俱增的需求。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

The applications of the bistable display have been expanding, given its advantages of low power consumption and high readability. The Group has developed new bistable display driver ICs to address the growing demands for multi-color support, higher resolution, larger panel size, better power efficiency, and lower production cost. With the onset of the Internet of Things (IoT) era, strong growth potential is anticipated for smart handheld devices, including smart cards, mobile health trackers, smart home devices, etc. Thus the Group expects to see growth momentum from new applications and new key customers in this segment.

With regard to OLED lighting, the Group's newly-launched driver IC is expected to start design-in during the second half of 2016.

Main Display

The demand for TDDI for FWVGA panels remains strong in the near term. The Group's new TDDI for FHD panels is expected to start pilot shipment at the start of the second half of 2016. FHD TDDI should become a mainstream product in the coming two years, and the Group expects substantial shipment growth from this segment. The Group is starting to develop more TDDI products to support different resolutions.

For virtual reality applications, the Group's new MIPI bridge IC supporting UHD is expected to be launched in second half of 2016. The Group is also developing more products for virtual reality devices.

For large LCD displays, the Group's new driver ICs for UHD TV and FHD TV may start mass production in the second half of 2016 upon completion of qualification by the customer. The Group is also introducing new drivers for notebook and monitor applications in the second half of 2016. The Group is expecting good growth of its large display driver ICs, given the design-wins achieved by new products, new customer development and expansion of the market.

Looking ahead, the Group will strive to capture the growth opportunities upcoming by capitalizing on the high growth application segments, developing more competitive new products and enhancing new customer penetration and market penetration. In addition, the Group will also continue to explore opportunities for strategic investment aiming to further broaden its customer base and enhance competitiveness to boost growth.

憑藉低功耗及高可讀性的優點，雙穩態顯示的應用一直持續擴大。本集團已開發出新雙穩態顯示驅動器IC，以滿足對彩色支援、更高解像度、更大尺寸面板、更佳電源功率及更低生產成本日益上升的需求。隨著物聯網時代的來臨，預計智能手提裝置包括智能卡、移動健康追蹤手帶、智能家居裝置等產品將會實現強勁的增長潛力。因此，本集團預計此等新應用及新主要客戶將促進業務增長動力。

至於OLED照明，本集團新推出的驅動器IC預計將於2016年下半年開始設計項目。

主流顯示

預料未來市場對應用於FWVGA面板的TDDI需求依然強勁，本集團應用於全高清面板的新TDDI預期將於今年下半年起試行付運。全高清TDDI將會是未來兩年的主流產品，本集團預計該業務的付運量將大幅增加。同時本集團亦已開始開發能支援更多不同解像度的TDDI產品。

至於虛擬實境應用，本集團支援UHD解像度的新MIPI橋接IC預計將於今年下半年推出市場。本集團亦正開發更多應用於虛擬實境裝置的產品。

至於大型LCD顯示器，待客戶完成測試後，本集團用於UHD電視及全高清筆記本電腦的新驅動器IC可望於2016年下半年開始量產。本集團亦將於2016年下半年推出應用於筆記本電腦及顯示器的新驅動器IC。鑒於新產品能成功取得訂單、開拓新客戶及擴充市場發展，本集團預計其大型顯示驅動器IC將錄得良好增長。

展望將來，本集團將致力把握高增長應用市場帶來的商機，開發更多高競爭力的新產品，及加強新客戶及市場滲透。同時，本集團亦會繼續尋找機會進行策略性投資，冀進一步拓展新客源及提升競爭力以加速增長。

PRODUCT DEVELOPMENT

As part of the core strategy of building our strengths in the priority target of product display applications, and paving the way for future growth, the Group has focused on developing related new technologies and also enhancing the features of existing products. During the period under review, the Group has invested approximately US\$9.6 million on R&D, representing about 55% of total expenses and 29% of sales.

A number of innovative solutions have been developed or under development during the past six months. During the period under review, the Group has filed more than 10 patent applications in different jurisdictions. The Group has successfully obtained two patents, one for touch scheme and the other for display scheme.

The Group's R&D team possesses leading-edge domain expertise in various areas to enable fast fulfilment of customers' sophisticated specifications. The Group has adopted advanced wafer technologies to address the challenges of increasingly higher resolution and lower power consumption requirements in mobile consumer end products.

HUMAN RESOURCES

As of 30 June 2016, the Group had a total workforce of 382 (431 as of 31 December 2015) employees, of whom about 62% engaged in product R&D engineering work. The reduction in total workforce was a result of the organizational realignment to focus on products with a higher long-term value and to drive greater efficiency under the Group's customer-oriented strategy. About 51% of the workforce were based at the Hong Kong headquarters, with the rest located in China, Japan, Singapore and Taiwan.

As a technology company relying on intellectual property and professional excellence, we highly value our human resources. To reward and retain talent, the Group offers competitive remuneration to employees and constantly provides them with training and career development programs and a first-rate working environment to ensure they enjoy and remain fulfilled in their work and contribute their best efforts to its success.

產品開發

本集團其中一項核心策略為加強於首要目標產品顯示的應用，為未來增長鋪路，故本集團專注開發相關的新技術之餘，亦加強現有產品的功能。於回顧期內，本集團於研發方面的支出約為9.6百萬美元，分別佔總開支約55%及銷售額約29%。

本集團於過去六個月成功開發或正在開發多個創新解決方案。於回顧期內，本集團在多個地區遞交了逾10個專利申請，並成功獲兩項分別有關觸控方案及顯示方案的專利。

本集團的研發團隊具備不同範疇的尖端專業知識，這使其能迅速回應客戶的嚴格要求。本集團亦採用先進的晶圓技術，以滿足市場對更高解像及更低功耗的移動消費終端產品與日俱增的需求。

人力資源

於2016年6月30日，本集團共有382名員工(2015年12月31日：431名)，當中約62%從事產品研發工作。員工總人數減少主要由於本集團推行架構調整，專注開發具有較高長期價值的產品，以及根據本集團以客為主導的策略提高效率所致。本集團共有約51%的員工駐於香港總部，其餘員工則分別駐於中國、日本、新加坡及台灣。

作為一家重視知識產權和專業知識的科技公司，本集團高度重視人力資源。為鼓勵員工及提高他們的歸屬感，本集團為員工提供具競爭力的薪酬，並致力提供培訓、職業發展計劃及一流的工作環境，務求令他們更投入工作，共同為本集團的成功發展而盡展所長。

DIRECTORS' INTERESTS

董事權益

As at 30 June 2016, the interests and short positions of each Director and the chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance), as recorded in the register required to be kept by the Company under Section 352 of part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

於2016年6月30日，各董事及行政總裁於本公司及其相聯法團(定義見證券及期貨條例)的股份及相關股份中擁有登記於根據SFO第XV部第352條規定本公司須存置的登記名冊上，或須根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益及淡倉如下：

		Ordinary shares in the Company as at 30 June 2016 於2016年6月30日本公司的普通股				
			Number of shares held 所持股份 數目	Number of share options held ⁽ⁱ⁾ 所持購股權 數目 ⁽ⁱ⁾	Total 總計	% of the issued share capital of the Company 佔本公司 已發行 股本百分比
	Position 權益狀況					
Independent Non-executive Directors 獨立非執行董事						
Leung Heung Ying	梁享英	Long 權益	–	1,600,000	1,600,000	0.06%
Sheu Wei Fu	許維夫	Long 權益	–	1,600,000	1,600,000	0.06%
Yiu Tin Chong, Joseph	姚天從	Long 權益	2,000,000	2,400,000	4,400,000	0.18%
Non-executive Directors 非執行董事						
Li Rongxin	李榮信	Long 權益	–	–	–	–
Li Jun	李峻	Long 權益	–	–	–	–
Zhao Guiwu	趙貴武	Long 權益	–	–	–	–
Executive Directors 執行董事						
Yeh Tsuei Chi	葉垂奇	Long 權益	2,292,000 ⁽ⁱⁱ⁾	15,000,000 ⁽ⁱⁱⁱ⁾	17,292,000 ^(iv)	0.70%
Lo Wai Ming	盧偉明	Long 權益	33,572,179	–	33,572,179	1.36%

Notes:

- (i) Share options granted under the 2013 Share Option Scheme with more details on pages 39 to 41.
- (ii) Shares of the Company awarded to Dr. Yeh Tsuei Chi ("Dr. Yeh") on 18 January 2016 are subject to vesting conditions. The shares have not vested as at 30 June 2016 and also the date of this interim report.
- (iii) Share options of the Company granted to Dr. Yeh on 11 January 2016 are subject to vesting and accordingly, are not exercisable as at 30 June 2016 and also the date of this interim report.
- (iv) The shares and share options are subject to an acting-in-concert agreement between Huada and Dr. Yeh. More details can be referred to under the subject "Substantial Shareholders' Interests" on page 38.

附註：

- (i) 該等購股權為根據2013購股權計劃(詳情見第39到41頁)授出之購股權。
- (ii) 於2016年1月18日授予葉垂奇博士(「葉博士」)之本公司股票附歸屬條件，該股票於2016年6月30日及本中期報告日尚未歸屬。
- (iii) 於2016年1月11日授予葉博士之本公司購股權附歸屬條件，故此該購股權於2016年6月30日及本中期報告日尚未可行使。
- (iv) 該股票及購股權與一項華大與葉博士簽訂的一致行動人協議相關，詳情可參閱第38頁之「主要股東權益」一節。

Saved as disclosed above, at no time during the period had the Directors and chief executive (including their spouse and children under 18 years of age) any interests in, or been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporation required to be disclosed pursuant to the SFO.

Saved as disclosed above, at no time during the period was the Company, its subsidiaries or its associated corporation a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Saved as disclosed above, at no time during the period had the Directors and chief executive of the Company (nor their associates) any interests in, or been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporation required to be disclosed pursuant to the SFO.

除上文所披露者外，於期內任何時間，董事及行政總裁(包括彼等之配偶及年齡在18歲以下的子女)概無擁有或獲授予或行使根據SFO須予披露可認購本公司及其相聯法團之股份的任何權利。

除上文所披露外，於期內任何時間，概無本公司、其附屬公司或其相聯法團為任何安排的其中一方，讓本公司董事及行政總裁(包括彼等之配偶及年齡在18歲以下的子女)持有本公司或其相聯法團的股份或相關股份或債權證的任何權益或淡倉。

除上文所披露者外，於期內任何時間，本公司董事及行政總裁(及彼等之聯繫人)概無擁有或獲授予或行使根據SFO須予披露可認購本公司及其相聯法團之股份的任何權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

主要股東權益

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 30 June 2016, the Company had been notified of the following substantial shareholders' interests in the shares of the Company, being interests of 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

根據SFO第XV部第336條須存置的主要股東登記名冊所示，於2016年6月30日，本公司已獲知會下列主要股東的權益及淡倉（即於本公司已發行股本擁有5%或以上權益）。該等權益為上文披露的本公司董事及行政總裁權益以外的。

Ordinary shares in the Company as at 30 June 2016 於2016年6月30日本公司的普通股						
Name of shareholder 股東名稱	Capacity 身份	Position 權益狀況	Number of shares held 所持股份數目	Number of share options held 所持購股權 數目	Total 總計	% of the issued share capital of the Company 佔本公司 已發行 股本百分比
Huada Semiconductor Co., Ltd 華大半導體有限公司	Beneficial owner 實益擁有人	Long 權益	706,066,000	–	706,066,000	28.5% ⁽ⁱ⁾
China Electronics Corporation ⁽ⁱ⁾ 中國電子信息產業集團有限公司 ⁽ⁱ⁾	Interest of controlled corporation 所控制的法團的權益	Long 權益	706,066,000	–	706,066,000	28.5% ⁽ⁱ⁾
Leung Kwong Wai 梁廣偉	Beneficial owner 實益擁有人	Long 權益	122,200,308	1,600,000	123,800,308	5.00%

Notes:

- (i) CEC is a state-owned information technology conglomerate under the administration of the central government of the People's Republic of China. Huada is a wholly-owned subsidiary of CEC.
- (ii) Subject to an acting-in-concert agreement between Huada and Dr. Yeh as announced on 2 February 2016, Dr. Yeh is taken to be interested in 17,292,000 shares/share options of the Company (within the meaning of Part XV of the SFO), being interests under the share awards and share options granted to him, and these represent approximately 0.7% of the issued share capital in the Company as at 30 June 2016 and the date of this interim report. The said shares and share options have not vested and, accordingly are not exercisable as at 30 June 2016 and the date of this interim report. Upon the full vesting and exercise of these shares and share options, Dr. Yeh and Huada will together hold an aggregate of 723,358,000 shares of the Company, representing approximately 29.2% of the then issued share capital of the Company (on the assumption that no further shares will be issued or repurchased by the Company).

註：

- (i) 中國電子是一家直接隸屬於中華人民共和國中央政府管理的國有電子信息技術企業集團。華大乃中國電子之全資附屬公司。
- (ii) 依據2016年2月2日一項華大與葉博士簽訂的一致行動人協議，葉博士按證券及期貨條例第XV部被視為擁有本公司17,292,000股股份／購股權，均為頒授予彼之獎勵股份及購股權，於2016年6月30日及本中期報表日約佔本公司已發行股本0.7%。該項頒授予彼之獎勵股份及購股權尚未歸屬並因此於2016年6月30日及本中期報表日未能行使。於該項頒授予彼之獎勵股份及購股權全數歸屬及行使時，葉博士及華大兩方合共持有723,358,000股本公司股份，約佔本公司當時已發行股本29.2%（假設本公司再無發行新股及無購回股份）。

As at 30 June 2016, Dr. Leung Kwong Wai held shares of certain subsidiaries of the Company solely for the purpose of ensuring that each relevant subsidiary has more than one member.

於2016年6月30日，梁廣偉博士純粹為確保有關附屬公司有一名以上股東而持有若干本公司之附屬公司的股份。

Saved as disclosed above, as at 30 June 2016, no other persons (other than the Directors) were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

除上文所披露者外，於2016年6月30日，根據證券及期貨條例第336條本公司須予備存的登記冊所記錄，概無其他人士（董事除外）擁有本公司股份及相關股份的權益或淡倉。

SHARE OPTION SCHEME

購股權計劃

The Company adopted a share option scheme (the “2013 Share Option Scheme”) at the annual general meeting held on 28 May 2013. The terms of the 2013 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The 2013 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2013, being the date of adoption of such scheme by the shareholders of the Company. The Board shall be entitled at any time within 10 years commencing on 28 May 2013 to make an offer for the grant of an option to any qualifying participants.

The purpose of the 2013 Share Option Scheme is to provide the participants (directors, employees, advisers, consultants, agents, distributors, contractors, contract manufacturers, suppliers, service providers, customers, business partners, joint venture business partners, etc., of any member of the Group) with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole.

The total number of shares which may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company as at the date of approval of the 2013 Share Option Scheme or 30% of the issued share capital of the Company from time to time.

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue.

An offer shall remain open for acceptance by the qualifying participant concerned for a period of 21 days from the date of the offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option.

The subscription price of share option shall be determined by the Board at its absolute discretion in accordance with the terms of the 2013 Share Option Scheme. The subscription price in respect of any particular option shall be no less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the Date of Grant.

The total number of share options available for issue upon exercise of all share options to be granted under the 2013 Share Option Scheme as at the date of this interim report is 208,380,235, representing 8.4% of the issued shares of the Company.

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃(「2013購股權計劃」)。2013購股權計劃的條款是遵照上市規則第17章的條文。2013購股權計劃由2013年5月28日(即本公司股東採納該購股權計劃之日)起生效，為期10年。董事會可以於2013年5月28日起10年內授出購股權予合資格參與者。

2013購股權計劃旨在給予合資格參與者(本集團成員之董事、員工、顧問、諮詢、代理、分銷商、承包商、承包製造商、供應商、服務提供者、客戶、商業夥伴、合營企業商業夥伴等)機會獲得本公司專有股份和鼓勵共同合作，為本公司及其股東整體利益而提升本公司價值。

根據2013購股權計劃所授出的所有購股權獲行使而可予發行的股份總數，不得超過於批准購股權計劃當日本公司已發行股本的10%或本公司不時已發行股本的30%。

每名參與者在任何12個月內獲授的購股權(包括已行使、註銷或尚未行使)獲行使時已經及即將發行的本公司股份總數，合計不得超過本公司已發行股份的1%。

購股權於建議日期起計21日期間(或董事會可書面訂明的較長期間)內可供合資格參與者接納。於接納購股權時，承授人須向本公司支付港幣1.00元。

在2013購股權計劃條文規定下，董事會具有絕對權力訂立購股權的認購價。任何個別購股權的認購價須為以下三者的較高者：(a)股份於授出日期在聯交所每日報價表所列收市價；(b)股份在緊接授出日期前5個營業日在聯交所每日報價表所列平均收市價；及(c)股份於授出日期的面值。

於本中期報告日，根據2013購股權計劃，倘所有可授與之購股權行使後，可予發行的股份數目為208,380,235股，佔本公司發行股份的8.4%。

SHARE OPTION SCHEME (continued)

購股權計劃(續)

Details of the share options outstanding as at 30 June 2016 under the 2013 Share Option Scheme are as follows:

於2016年6月30日關於2013購股權計劃授出之購股權的詳情如下：

	Number of share options (in thousand units) 購股權數目(以千位計)				Exercise price HK\$ 行使價 港元	Grant date 授出日期	Exercise period 行使期	
	Held on 1 January 2016 於2016年 1月1日持有	Granted during the period 期內 已授出	Forfeited during the period 期內 已放棄	Held on 30 June 2016 於2016年 6月30日持有			Begins 開始	Ends 結束
Independent Non-executive Directors 獨立非執行董事								
Leung Heung Ying 梁享英	800	-	-	800	0.395	9 October 2014 2014年10月9日	2 October 2015 2015年10月2日	29 September 2017 2017年9月29日
	800	-	-	800	0.315	2 October 2015 2015年10月2日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	1,600	-	-	1,600				
Sheu Wei Fu 許維夫	800	-	-	800	0.395	9 October 2014 2014年10月9日	2 October 2015 2015年10月2日	29 September 2017 2017年9月29日
	800	-	-	800	0.315	2 October 2015 2015年10月2日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	1,600	-	-	1,600				
Yiu Tin Chong, Joseph 姚天從	800	-	-	800	0.345	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	800	-	-	800	0.395	9 October 2014 2014年10月9日	2 October 2015 2015年10月2日	29 September 2017 2017年9月29日
	800	-	-	800	0.315	2 October 2015 2015年10月2日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	2,400	-	-	2,400				
Subtotal 小計	5,600	-	-	5,600				

	Number of share options (in thousand units) 購股權數目(以千位計)				Exercise price HKS 行使價 港元	Grant date 授出日期	Exercise period 行使期	
	Held on 1 January 2016 於2016年 1月1日持有	Granted during the period 期內 已授出	Forfeited during the period 期內 已放棄	Held on 30 June 2016 於2016年 6月30日持有			Begins 開始	Ends 結束
Executive Directors 執行董事								
Yeh Tsuei Chi 葉垂奇	–	2,500	–	2,500	0.369	11 January 2016 2016年1月11日	3 April 2017 2017年4月3日	29 March 2019 2019年3月29日
	–	2,500	–	2,500	0.369		2 January 2018 2018年1月2日	31 December 2019 2019年12月31日
	–	2,500	–	2,500	0.369		2 April 2018 2018年4月2日	31 March 2020 2020年3月31日
	–	2,500	–	2,500	0.369		2 January 2019 2019年1月2日	31 December 2020 2020年12月31日
	–	2,500	–	2,500	0.369		1 April 2019 2019年4月1日	31 March 2021 2021年3月31日
	–	2,500	–	2,500	0.369		2 January 2020 2020年1月2日	31 December 2021 2021年12月31日
Subtotal 小計	–	15,000	–	15,000				
Ex-directors 前董事	800	–	–	800	0.345	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	2,650	–	–	2,650	0.395	9 October 2014 2014年10月9日	2 October 2015 2015年10月2日	29 September 2017 2017年9月29日
	250	–	(250)	–	0.395	9 October 2014 2014年10月9日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	1,600	–	(800)	800	0.315	2 October 2015 2015年10月2日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
Subtotal 小計	5,300	–	(1,050)	4,250				
Senior management & employees 高級管理層及員工	2,050	–	–	2,050	0.395	9 October 2014 2014年10月9日	2 October 2015 2015年10月2日	29 September 2017 2017年9月29日
	1,250	–	(150)	1,100	0.395	9 October 2014 2014年10月9日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	350	–	–	350	0.309	30 March 2015 2015年3月30日	1 April 2016 2016年4月1日	30 March 2018 2018年3月30日
	350	–	(250)	100	0.309	30 March 2015 2015年3月30日	3 April 2017 2017年4月3日	29 March 2019 2019年3月29日
	1,800	–	–	1,800	0.315	2 October 2015 2015年10月2日	3 October 2016 2016年10月3日	28 September 2018 2018年9月28日
	1,000	–	–	1,000	0.315	2 October 2015 2015年10月2日	2 October 2017 2017年10月2日	30 September 2019 2019年9月30日
Subtotal 小計	6,800	–	(400)	6,400				
Total 總計	17,700	15,000	(1,450)	31,250				

CORPORATE GOVERNANCE AND SUPPLEMENTARY INFORMATION

企業管治及補充資料

Compliance with Corporate Governance Code

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which the Group considers as critical in safeguarding the integrity of its business operations and maintaining investors' trust in the Company.

The Company has complied with all the applicable Code Provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2016.

In compliance with Code Provision A.2.1 of the Code to separate the roles of chairman and chief executive of the Company, on 4 January 2016, Dr. Leung Kwong Wai ("Dr. Leung"), the then Chairman of the Board, CEO of the Group and Managing Director of the Company, ceased to be CEO of the Group and Managing Director of the Company, and Dr. Yeh Tsuei Chi ("Dr. Yeh") was appointed as CEO of the Company. Moreover, Dr. Leung retired by rotation as Director at the conclusion of the AGM on 7 June 2016, and Mr. Li Rongxin, a Non-Executive Director of the Company, has been appointed as the Chairman of the Board effective 7 June 2016, replacing Dr. Leung.

Compliance with the Model Code

The Company has its own written guidelines on securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors, and all Directors have confirmed that they have been in compliance with such guidelines during the six months ended 30 June 2016.

Other Changes about Directors

In accordance with Article 112 of the Company's Articles of Association, Dr. Leung and Mr. Cheung Wai Kuen, Kenny, retired by rotation as Directors at the conclusion of the AGM on 7 June 2016. Dr. Leung was honored with the title of Founder and Chairman Emeritus of the Company.

Mr. Li Rongxin, a Non-Executive Director of the Company, has been appointed as the Chairman of the Board effective 7 June 2016, replacing Dr. Leung.

On top of being the CEO effective 4 January 2016, Dr. Yeh has been appointed as the Executive Director of the Company effective 23 March 2016; and also an authorised representative of the Company under Rule 3.05 of the Listing Rules and an authorised representative of the Company for accepting service of process or notice in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in replacement of Dr. Leung effective 7 June 2016. He was also appointed as the Chairman of the Investment Committee under the Board.

遵守企業管治守則

董事會及本集團的管理層承諾達到及保持高水平的企業管治，這也是維護業務營運的誠信和提高投資者對本公司信心的關鍵因素。

截至2016年6月30日止6個月期間，本公司一直遵守上市規則附錄14所載之企業管治守則中所有適用的守則條文。

根據守則條文第A.2.1條規定主席與行政總裁的角色應有區分，於2016年1月4日，當時的董事會主席、本集團行政總裁及本公司董事總經理梁廣偉博士（「梁博士」），離任本集團行政總裁及本公司董事總經理一職，而葉垂奇博士（「葉博士」）獲委任為本公司行政總裁。此外，梁博士於2016年6月7日舉行之股東週年大會完結後輪席告退董事職務，而本公司非執行董事李榮信先生被委任為董事會主席以替代梁博士，於2016年6月7日起生效。

遵守標準守則

本公司就董事及有關員工進行的證券交易制訂其本身的書面指引，條款與上市規則附錄10所載的規定標準同樣嚴格。本公司已向全體董事作出具體查詢，於截至2016年6月30日止6個月期間，彼等均一直遵守該等指引。

董事其他變動

根據本公司的組織章程細則第112條，梁博士及張惠權先生於2016年6月7日舉行之股東週年大會完結後輪席告退董事職務。梁博士被授予本公司永久榮譽主席的職銜。

本公司非執行董事李榮信先生被委任為董事會主席以替代梁博士，於2016年6月7日起生效。

葉博士除了由2016年1月4日起作為本公司的行政總裁外，亦被委任為本公司執行董事，於2016年3月23日起生效，並被委任為根據上市規則第3.05條所規定的本公司的授權代表，以及根據公司條例（香港法例第622章）在香港接收法律程序文件及通知書之本公司的授權代表，以替代梁博士，於2016年6月7日起生效。葉博士亦獲委任為董事會轄下之投資委員會主席。

Mr. Lo Wai Ming has been appointed as an Executive Director of the Company also effective 7 June 2016.

Mr. Leung Heung Ying ceased to be a member to the Listing Committee of Stock Exchange on 8 July 2016.

Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2016.

Review of Condensed Consolidated Interim Financial Information

The Audit Committee is composed of two Independent Non-executive Directors and one Non-executive Director. The unaudited condensed consolidated interim financial information has been reviewed by the Audit Committee of the Company alongside the management.

The unaudited condensed consolidated interim financial information has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report is included in the Interim Report of the Company.

Investor Relations and Communications

The Group recognizes the rights of the Company's shareholders to know more about its business and prospect, and therefore it has always taken a proactive approach to communicate with the investment community, for example, institutional investors, sell-side analysts and retail investors. In 1H 2016, the Group held meetings and conference calls with investors and analysts. Stakeholders of the Company are recommended to visit the Group's website (www.solomon-systech.com) from time to time, where up-to-date information of the Group can be accessed.

Publication of Interim Results

All the interim financial and other related information of the Group required by the Listing Rules has been published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.solomon-systech.com) on 23 August 2016.

盧偉明先生被委任為本公司的執行董事，亦於2016年6月7日起生效。

梁享英先生於2016年7月8日停任聯交所上市委員會成員。

購買、出售或贖回本公司上市股份

於截至2016年6月30日止6個月期間，本公司或其任何附屬公司並無購買、出售或贖回本公司上市股份。

審閱簡明綜合中期財務資料

審核委員會由2名獨立非執行董事及1名非執行董事組成。未經審核的簡明綜合中期財務資料，已通過管理層聯同審核委員會審閱。

該等未經審核的簡明綜合中期財務資料，已經由本公司獨立核數師羅兵咸永道會計師事務所根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。核數師的獨立審閱報告載於本公司中期報告內。

投資者關係及溝通

本集團深明本公司股東有權對本集團業務及前景有更多了解，故此本集團一直採取積極態度與投資大眾（例如：機構投資者、賣方分析員及散戶投資者）溝通。於2016上半年，本集團繼續與投資者及分析員舉行會議及電話會議。本集團建議權益人不時登入本集團網站 (www.solomon-systech.com)，查閱本集團的最新資訊。

中期業績公佈

本公司已於2016年8月23日於聯交所網站 (www.hkexnews.hk) 及本公司網站 (www.solomon-systech.com) 公佈所有根據上市規則規定的本集團的中期財務及相關資料。

DEFINITIONS AND GLOSSARY

2013 Share Option Scheme	The share option scheme approved by shareholders for adoption at the annual general meeting held on 28 May 2013
Board	Board of Directors
CEC	China Electronics Corporation, a state-owned information technology conglomerate under the administration of the central government of the PRC, is an indirect substantial shareholder of the Company through its interests in Huada
China	Mainland China
Code Provision(s)	Code provision(s) in the Corporate Governance Code contained in Appendix 14 to the Listing Rules
Company	Solomon Systech (International) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Director(s)	The director(s) of the Company
EPD	Electrophoretic Display
ESL	Electronic Shelf Label
FHD	Full High Definition, a display resolution standard of 1920 x 1080 pixels
FVTPL	Financial assets at fair value through profit or loss
FWVGA	Full Wide Video Graphics Array, a display resolution standard of 854 x 480 pixels
Group	The Company and its subsidiaries
HKAS	Hong Kong Accounting Standards
HK\$/HKD	Hong Kong dollars
HKFRS	Hong Kong Financial Reporting Standards, or collectively for HKAS and Hong Kong Financial Reporting Standards
Hong Kong/HK/HKSAR	Hong Kong Special Administrative Region
Huada	Huada Semiconductors Co. Ltd., a PRC company with limited liability to consolidate all IC businesses under CEC group, is a substantial shareholder of the Company
IC	Integrated Circuit
IGZO	A semiconductor material consisting of indium (In), gallium (Ga), zinc (Zn) and oxygen (O)
Latest Practicable Date	18 August 2016, being the date of Audit Committee Meeting held prior to the date of this report
LCD	Liquid Crystal Display
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
LTPS	Low Temperature Polysilicon, a technology for the manufacturing of TFT-LCD
MIPI	Mobile Industry Processor Interface
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
OLED	Organic Light Emitting Diode
PMOLED	Passive Matrix Organic Light Emitting Diode
PRC	The People's Republic of China
R&D	Product Design, development and engineering
S&D	Selling and Distribution
SFO	Securities and Futures Ordinance
the Stock Exchange	The Stock Exchange of Hong Kong Limited
TFT	Thin Film Transistor
UHD	Ultra high definition (UHD or 4K/8K) is a display resolution standard of at least 3840 x 2160 pixels (8.3 megapixels; 4K)
USA/US	United States of America
US\$/USD	US dollars

** for identification purpose only

釋義及詞彙

2013 購股權計劃	於2013年5月28日舉行之股東週年大會上獲股東批准採納的購股權計劃
董事會	董事會
CEC	中國電子信息產業集團有限公司，一家直接隸屬於中國中央政府管理的國有電子信息技術企業集團，通過控制華大的權益為本公司之間接主要股東
中國	中國大陸
守則條文	上市規則附錄14所載之企業管治守則中的守則條文
本公司	Solomon Systech (International) Limited，一家成立於開曼群島的有限公司，其股份於聯交所主板上市
董事	本公司之董事
EPD	電泳顯示
電子貨架標籤	電子貨架標籤
全高清	全高清，是一種顯示解像度的標準，解像度為1920 x 1080像素
FVTPL	通過損益以反映公平價值的財務資產
FWVGA	全寬視頻圖形陣列，是一種顯示解像度的標準，解像度為854 x 480像素
本集團	本公司及其附屬公司
香港會計準則	香港會計準則
港元	香港元
香港財務報告準則	香港財務報告準則，或香港會計準則及香港財務報告準則的統稱
香港	香港特別行政區
華大	華大半導體有限公司，一家CEC 為整合旗下IC 企業而組建於中國的有限公司，乃本公司之主要股東
IC	集成電路晶片
IGZO	一種半導體物料，包含銮、鎵、鋅及氧
最後實際可行日期	2016年8月18日，即本報告日前審計委員會會議舉行之日期
LCD	液晶顯示器
上市規則	聯交所證券上市規則
LTPS	低溫多晶矽，一種製造薄膜電晶體液晶顯示器的技術
MIPI	移動行業處理器界面
標準守則	上市規則附錄10所載之上市發行人董事進行證券交易的標準守則
OLED	有機發光二極體
PMOLED	被動矩陣有機發光二極體
中國	中華人民共和國
工程開發	產品設計、開發及工程
銷售及分銷	銷售及分銷
SFO	證券及期貨條例
聯交所	香港聯合交易所有限公司
TFT	薄膜電晶體
UHD	超高清(Ultra-High Definition, UHD)是一種顯示解析度的標準，最低為3840 x 2160像素(8.3百萬像素；4K)
美國	美利堅合眾國
美元	美國元

CORPORATE AND SHAREHOLDER INFORMATION

公司及股東資料

FINANCIAL CALENDAR

Financial Year End

31 December

Announcement of Interim Results

23 August 2016

SHARE LISTING

Listing Venue and Date

Main Board of The Stock Exchange of Hong Kong Limited
8 April 2004

HKSE Stock Code

2878

Board Lot

2,000 shares

Trading Currency

HKD

Issued Shares

2,477,102,351 (as at 30 June 2016)

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Royal Bank of Canada Trust Company (Cayman) Limited
4/F, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Website: www.tricoris.com

INDEPENDENT AUDITOR

PricewaterhouseCoopers

財務日誌

財政年度結算日

12月31日

公佈中期業績

2016年8月23日

股份上市資料

上市地點及日期

香港聯合交易所有限公司主板
2004年4月8日

香港股份編號

2878

買賣單位

2,000股

交易貨幣

港元

已發行股份

2,477,102,351 (於2016年6月30日)

股份過戶登記總處

Royal Bank of Canada Trust Company (Cayman) Limited
4/F, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
開曼群島

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓
電話：(852) 2980 1333
傳真：(852) 2810 8185
網址：www.tricoris.com

獨立核數師

羅兵咸永道會計師事務所

BOARD MEMBERS

Executive Directors

Dr. Yeh Tsuei Chi (*Chief Executive Officer*)
Mr. Lo Wai Ming

Non-executive Directors

Mr. Li Rongxin (*Chairman*)
Dr. Li Jun
Mr. Zhao Guiwu

Independent Non-executive Directors

Mr. Leung Heung Ying
Mr. Sheu Wei Fu
Mr. Yiu Tin Chong, Joseph

AUTHORIZED REPRESENTATIVES

Dr. Yeh Tsuei Chi
Mrs. Fung Lui Kit Har, Keziah

FOUNDER AND CHAIRMAN EMERITUS

Dr. Leung Kwong Wai, JP

COMPANY SECRETARY

Mrs. Fung Lui Kit Har, Keziah
FCMA, CGMA, FHKCPA, ACS, ACIS
Vice President, Finance

CORPORATE COMMUNICATIONS/INVESTOR RELATIONS

Ms. Jessica Lee
Corporate Communications Manager
Tel: (852) 2207 1672
Fax: (852) 2207 1372
Email: communication@solomon-systech.com

PRINCIPAL OFFICE

6/F., No.3 Science Park East Avenue
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel: (852) 2207 1111
Fax: (852) 2267 0800

WEBSITE

www.solomon-systech.com

董事成員

執行董事

葉垂奇博士 (*行政總裁*)
盧偉明先生

非執行董事

李榮信先生 (*主席*)
李峻博士
趙貴武先生

獨立非執行董事

梁享英先生
許維夫先生
姚天從先生

授權代表

葉垂奇博士
馮雷潔霞女士

永久榮譽主席

梁廣偉博士，太平紳士

公司秘書

馮雷潔霞女士
FCMA, CGMA, FHKCPA, ACS, ACIS
副總裁－財務

企業傳訊／投資者關係

李雅妮女士
企業傳訊經理
電話：(852) 2207 1672
傳真：(852) 2207 1372
電郵：communication@solomon-systech.com

總辦事處

香港
新界沙田
香港科學園
科技大道東3號6樓
電話：(852) 2207 1111
傳真：(852) 2267 0800

網址

www.solomon-systech.com

This 2016 Interim Report (bilingual version in English and Chinese) has been posted on the Company at www.solomon-systech.com.

Shareholders who have chosen to receive the Company's corporate communications (including but not limited to annual reports, summary financial reports (where applicable), interim reports, summary interim reports (where applicable), notices of meeting, listing documents, circulars and proxy forms) via the Company's website and for any reason have difficulty in gaining access to the Interim Report posted on the Company's website will promptly upon request be sent by post the Interim Report in printed form free of charge.

Shareholders may at any time change their choice of means of receipt of the Company's corporate communications.

Shareholders may request for printed copy of the Interim Report or change their choice of means of receipt of the Corporate Communications by sending reasonable notice in writing to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to solomon2878-ecom@hk.tricorglobal.com.

本2016年中期報告的中英文雙語合併本已登載於本公司網站 www.solomon-systech.com。

選擇透過本公司網站收取本公司的公司通訊(其中包括但不限於年報、財務摘要報告(如適用)、中期報告、中期摘要報告(如適用)、會議通告、上市文件、通函及代表委任表格)，及因任何理由以致在接收載於本公司網站的中期報告上出現困難的股東，可即時要求以郵寄方式獲免費發送中期報告的印刷本。

股東可隨時更改收取本公司的公司通訊方式。

股東可在給予本公司合理時間的書面通知的情況下，要求索取中期報告的印刷本或更改收取本公司之公司通訊的方式，該書面通知應交予本公司之香港股份過戶登記分處—卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓，或將該通知電郵至 solomon2878-ecom@hk.tricorglobal.com。

