SOLOMON
SYSTECH

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

晶門半導體有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2878)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by about 25.8% to US$45.9 million
- Gross profit was US$18.2 million, gross margin was 39.6%
- Profit attributable to owners of the parent was US$4.0 million
- Earnings per share was 0.16 US cent (equivalent to 1.24 HK cents)

INTERIM RESULTS

The Directors of Solomon Systech (International) Limited (the "Company") announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2025 together with the comparative figures for the corresponding period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
		2025	2024
	Notes	**US$'000**	US$'000
Revenue	4	**45,934**	61,915
Cost of sales		**(27,759)**	(42,072)
Gross profit		**18,175**	19,843
Research and development costs		**(9,943)**	(7,999)
Selling and distribution expenses		**(1,640)**	(1,858)
Administrative expenses		**(5,207)**	(4,920)
Other income and gains – net		**595**	337
		1,980	5,403
Finance income – net	6	**2,080**	2,096
		4,060	7,499
Share of profits of associates		**44**	58
Profit before tax	5	**4,104**	7,557
Income tax expense	7	**(101)**	(86)
Profit for the Period attributable to owners of the parent		**4,003**	7,471
Earnings per share attributable to ordinary equity holders of the parent: (in US cent)	8		
– Basic		**0.16**	0.30
– Diluted		**0.16**	0.30

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025	2024
	US$'000	US$'000
Profit for the Period	**4,003**	7,471
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent Periods:		
– Exchange differences on translation of foreign operations	**78**	2
Total comprehensive income for the Period attributable to owners of the parent	**4,081**	7,473

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,544**	5,480
Right-of-use assets		**2,445**	3,052
Investments in associates		**949**	905
Financial asset designated at fair value through other comprehensive income		**1,161**	1,161
Other receivables, prepayments and deposits	10	**452**	398
Total non-current assets		**11,551**	10,996
CURRENT ASSETS			
Inventories		**23,861**	13,357
Trade and other receivables, prepayments and deposits	10	**25,050**	31,611
Pledged bank deposits		**3,517**	3,500
Cash and cash equivalents		**112,513**	104,242
Total current assets		**164,941**	152,710
CURRENT LIABILITIES			
Trade and other payables	11	**30,930**	22,974
Interest-bearing bank borrowings		**1,323**	–
Lease liabilities		**1,453**	1,412
Tax payable		**476**	376
Total current liabilities		**34,182**	24,762
NET CURRENT ASSETS		**130,759**	127,948
TOTAL ASSETS LESS CURRENT LIABILITIES		**142,310**	138,944
NON-CURRENT LIABILITY			
Lease liabilities		**1,187**	1,903
Total non-current liability		**1,187**	1,903
Net assets		**141,123**	137,041
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**32,193**	32,193
Reserves		**108,930**	104,848
Total equity		**141,123**	137,041

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

Solomon Systech (International) Limited and its subsidiaries are fabless semiconductor group specialising in the design, development and sales of integrated circuits ("IC") products and system solutions that enable a wide range of display applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including electronic shelf-labels ("ESLs"), wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

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 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands (with effect from 31 December 2024) and the address of its principal office in Hong Kong is Unit 607-613, 6/F. Wireless Centre, 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 interim condensed consolidated financial information is presented in US dollars, unless otherwise stated.

The interim condensed consolidated financial information has been reviewed but not audited, and it was approved for issue on 13 August 2025.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 (the "period under review") of the Group has been prepared in accordance with HKAS 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

3. Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21	*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. Segment information and disaggregation of revenue

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 and touch applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including electronic shelf-labels (ESLs), wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

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

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

Sales amounted to US$45,934,000 for the six months ended 30 June 2025 (1H 2024: US$61,915,000).

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 Hong Kong, Europe and Taiwan.

(a) Revenue from contracts with customers disaggregated by geographical market

	Unaudited Six months ended 30 June	
	2025	2024
	US$'000	US$'000
Hong Kong	**28,033**	36,878
Europe	**7,243**	11,891
Taiwan	**7,029**	8,538
Japan	**2,316**	2,339
Mainland China	**1,142**	2,007
Korea	**66**	101
South East Asia	**21**	29
USA	**–**	31
Others	**84**	101
	45,934	61,915

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

(b) **Revenue from contracts with customers disaggregated by product types**

	Unaudited Six months ended 30 June 2025 US$'000	 2024 US$'000
New Display ICs	**29,621**	36,385
OLED Display ICs	**7,270**	8,843
Mobile Display and Mobile Touch ICs	**5,879**	9,826
Large Display ICs	**3,164**	6,861
	45,934	61,915

(c) **Non-current assets**

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
Hong Kong	**2,130**	2,599
Mainland China	**6,157**	5,145
Taiwan	**1,651**	1,693
	9,938	9,437

Non-current assets are listed based on where the assets are located which exclude financial assets.

(d) **Capital expenditures**

	Unaudited Six months ended 30 June 2025 US$'000	 2024 US$'000
Property, plant and equipment		
Mainland China	**1,777**	1,640
Hong Kong	**47**	90
Taiwan	**15**	48
	1,839	1,778

Capital expenditures are listed based on the locations of assets.

(e) **Major customers**

For the six months ended 30 June 2025, the largest and second largest customers were located in Hong Kong and Europe, respectively. Sales amount to those customer were US$23,872,000 and US$5,912,000, respectively, which were over 10% of the Group's total revenue. For the six months ended 30 June 2024, the largest and second largest customer were located in Hong Kong and Europe, respectively. Sales amount to those customer were US$27,630,000 and US$10,588,000, respectively, which were over 10% of the Group's total revenue.

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June 2025 US$'000	2024 US$'000
Cost of goods sold	**29,521**	44,323
Reversal of provision for obsolete or slow moving inventories, net	**(2,213)**	(2,542)
Depreciation of property, plant and equipment (note 1)	**816**	760
Depreciation of right-of-use assets (note 2)	**699**	723
Foreign exchange differences, net	**(81)**	(319)

Note 1: Depreciation expense of US$389,000 (1H 2024: US$291,000) has been charged in cost of sales, US$53,000 (1H 2024: US$48,000) in research and development costs and US$374,000 (1H 2024: US$421,000) in administrative expenses.

Note 2: Depreciation of right-of-use assets of US$62,000 (2024 1H: Nil) is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

6. Finance income – net

	Unaudited Six months ended 30 June 2025 US$'000	2024 US$'000
Interest income	**2,171**	2,132
Interest on bank loans	**(5)**	(1)
Interest on lease liabilities	**(86)**	(35)
	2,080	2,096

7. Income tax

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the current and prior Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Unaudited Six months ended 30 June 2025 US$'000	2024 US$'000
Current – Elsewhere		
– Charge for the Period	**101**	86
Total tax charge for the Period	**101**	86

8. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit for the Period attributable to owners of the parent and the weighted average number of ordinary shares of 2,497,752,351 (1H 2024: 2,495,652,351) outstanding during the Period.

The Group's profit for the Period attributable to owners of the parent was US$4,003,000 (1H 2024: US$7,471,000).

(b) Diluted earnings per share

The diluted earnings per share is calculated based on the Group's profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding 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:

	Number of shares Unaudited Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares outstanding	**2,497,752,351**	2,495,652,351
Conversion of all dilutive share options outstanding (i)	**–**	–
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	**2,497,752,351**	2,495,652,351

(i) No adjustment has been made for the six months ended 30 June 2025 as there is no dilutive effect on the 500,000 share options (six months ended 30 June 2024: 19,240,000 share options) outstanding for the weighted average number of ordinary shares.

9. Dividend

No dividend for the year ended 31 December 2024 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 2025 (six months ended 30 June 2024: Nil).

10. Trade and other receivables, prepayments and deposits

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
Trade receivables	**9,461**	12,421
Trade receivables from related parties	**11,277**	7,666
Impairment	**(201)**	(201)
Trade receivables – net	**20,537**	19,886
Other receivables, prepayments and deposits	**4,480**	11,561
Prepayments to related parties	**94**	225
Impairment	**(61)**	(61)
Trade and other receivables, prepayments and deposits – current portion	**25,050**	31,611
Other receivables, prepayments and deposit – non-current portion	**456**	402
Impairment	**(4)**	(4)
Other receivables, prepayments and deposits, net, non-current portion	**452**	398
	25,502	32,009

As at 30 June 2025, the Group's trade receivables from corporate customers were mainly on credit terms of 30 to 90 days. The ageing analysis of trade receivables based on invoice date and net of loss allowance, is as follows:

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
1–30 days	**10,332**	14,278
31–60 days	**4,842**	2,958
61–90 days	**2,784**	1,917
91–180 days	**512**	730
181–360 days	**2,067**	3
	20,537	19,886

The movements in the loss allowance for impairment of trade receivables are as follows:

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
At beginning of Period/year	**201**	123
Impairment losses	**–**	78
At end of Period/year	**201**	201

11. Trade and other payables

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
Trade payables	**9,041**	7,439
Trade payables to a related party	**48**	96
	9,089	7,535
Accrued expenses and other payables	**17,237**	11,313
Contract liabilities	**3,288**	2,647
Contract liabilities to a related party	**–**	167
Refund liabilities	**1,316**	1,312
	30,930	22,974

As at 30 June 2025, the ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30 June 2025 US$'000	Audited 31 December 2024 US$'000
1–30 days	**4,626**	3,614
31–60 days	**3,625**	2,266
61–90 days	**512**	1,131
Over 90 days	**326**	524
	9,089	7,535

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

In the first half of 2025, a series of extreme trade policies and tariff measures introduced by the United States triggered a succession of shocks to the global economy. Although China's economy showed signs of growth, consumer sentiment remained subdued. Persistent downward pressure on end-product prices led to continued caution across industries when placing upstream orders. While wafer price reductions provided some relief to the Group's cost pressures, they were insufficient to fully offset the pricing pressure passed down from end-product markets.

For the six months ended 30 June 2025 (the "Period"), the Group's shipment volume declined by 11.3% year on year to approximately 150.8 million units, compared with 170.0 million units in the same period last year. However, this represented a 22.4% increase from the second half of 2024 (123.2 million units). The decrease in shipments was primarily due to the delayed launch of the latest generation of products. Continued price reductions in end products, combined with heightened industry competition, resulted in a lower average selling price. Consequently, with reduced shipment volume, the Group's revenue fell by 25.8% year on year, from US$61.9 million to US$45.9 million. The Group's gross profit margin remained stable during the Period compared with the same period last year.

New Display ICs

New Display IC products primarily refer to the Group's bistable display offerings. Bistable display is a non-traditional display technology in which the device illuminates by reflecting ambient light.

The Group collaborated with E Ink to develop an innovative display IC solution for the next-generation specialised platform, Spectra™ 3100, designed for ESL and retail signage. This advancement enabled four-color display capability. During the Period, the market completed the transition from three-color (E4) to four-color (E5) electronic display labels, and the Group successfully updated the specifications for all models of its four-color display labels. However, in early April, the United States imposed reciprocal tariffs on nearly all major economies, subsequently announcing a 90-day grace period before enforcement. During this window, retailers accelerated orders in anticipation of rising costs, which drove increased demand for electronic display labels and led to higher shipment volumes of the Group's new display IC products. Nonetheless, intensified market competition resulted in a decline in the average selling price of these products. The overall market outlook for the second half of the year remains uncertain.

ESL enables flexible price updates and enhanced operational efficiency, while also streamlining inventory management. In addition to reducing long-term costs, it helps lower retailers' carbon footprints, aligning with the global shift towards paperless and sustainable practices. Owing to these advantages, ESL has become widely adopted across Europe and North America, and are increasingly gaining traction in other Asian markets. The Group was an early entrant in this field, having developed ICs for ESL for many years, with a client base that includes several of the world's top-ranked supermarket chains.

Looking ahead to the second half of the year, the electronic display label market is poised to enter the era of seven-color displays. The Group is currently developing IC products to support seven-color (E5 3-bit) electronic display labels, with prototype production planned for the fourth quarter of this year. The introduction of full-color displays is expected to broaden the range of potential applications, further driving adoption. Beyond ESL, the Group is also actively exploring the extension of color e-paper display technology into other areas, including electronic photo frames for various products and electronic name badges capable of displaying images for user identification. In light of the ongoing trade war and associated tariff policies, the Group maintains a cautious outlook for its new display IC products in the second half of the year.

OLED Display ICs

Solomon Systech offers a diverse portfolio of OLED display driver ICs, with wide-ranging applications including PMOLED, mini/micro-LEDs, and icon IC products. The Group is the world's largest supplier of PMOLED display driver ICs, maintaining a dominant market share based on shipment volume during the Period. The Group provides a full range of PMOLED driver ICs – from icon-based to dot matrix formats, and from monochrome and greyscale to fully integrated full-color displays – making them an ideal display solution for portable devices. Although shipment volumes and revenue from the Group's OLED display ICs declined during the Period, effective cost control allowed the gross profit margin to remain stable compared with the second half of 2024.

The Group offers a range of competitively priced icon ICs. Since their launch in 2023, customers have continued to promote end products incorporating this series. Designed for displays ranging from 1 to 4 inches, these icon ICs are suitable not only for portable devices but also position the Group to expand into the large-panel smart home appliance market. Smart appliances are an increasingly dominant trend, and the Group remains focused on the growing demand for smart home solutions and Internet of Things (IoT) applications. During the Period, the Group also continued to promote its newly developed IC products that support transparent PMOLED displays. Transparent PMOLED is an emerging technology with promising applications in end products requiring see-through displays, such as diving masks and golf ball tracking eyewear.

The Group is also a pioneer in mini/micro-LED applications. Since 2018, its mini-LED DDI solution for 50– to 100-inch indoor display signage has been in mass production and is currently in use in curved display panels at underground stations in the UK and the US. In 2023, the Group launched the world's first small-sized passive micro-LED display driver IC – the SSD2363. This product supports next-generation, high-brightness 16.7 million-color displays of 3 inches or smaller, making it ideal for wearable devices, home appliances, and industrial applications. At present, the IC is primarily being used by customers for validation and testing of micro-LED functionality in their end products. The Group is also actively engaging with a range of prospective customers with a view to deploying this product in high-value applications, such as automotive devices.

Mobile Display and Mobile Touch ICs

Solomon Systech offers a comprehensive range of Mobile Display and Mobile Touch IC solutions, continually expanding its product portfolio. This includes In-Cell Touch Display Driver ICs, TFT Display Driver ICs, STN Display Driver ICs, MIPI Bridge ICs, and Display Controller ICs – serving a wide array of industrial and consumer applications such as smartphones, tablets, wearable devices, gaming consoles, and IoT devices. The Group is a pioneer in MIPI display solutions, providing a suite of proprietary features that enable high-resolution, high-speed, and low-power displays for smart devices.

During the Period, the Group's Mobile Display and Mobile Touch IC products experienced a notable decline in both shipment volume and revenue, largely due to delays in the launch of new products. While sales of game controller ICs received a boost in the second half of 2024, spurred by the release of new games, the current generation of mainstream gaming consoles has been on the market for several years. With no new models introduced, the market has become somewhat saturated, leading to a slowdown in demand once the initial excitement surrounding new game releases subsided.

The Group possesses strong expertise in TDDI technology, with its game controller ICs designed to deliver greater precision, faster response times, and extended battery life. We are actively developing new applications for our Mobile Display and Mobile Touch ICs across a wider range of sectors. At present, the Group is working on a mini-LED backlight solution. The FPGA development platform has been completed, and the production of a conceptual product has been confirmed by a customer. The Group is now developing a standard IC, which is expected to be launched in the second half of 2025, targeting applications such as automotive head-up displays (HUDs). We will continue to engage with customers across a variety of end-product categories to gather insights and better understand their requirements, enabling us to develop products tailored to specific applications.

Large Display ICs

The Group is dedicated to developing a range of large display driver IC solutions in collaboration with leading display panel manufacturers both in China and overseas. These solutions support a wide array of applications, including commercial displays, high-end gaming monitors, smart TVs of various sizes, as well as medium- to large-format color e-paper signage, e-paper bulletin boards, e-book readers, and e-wallets.

During the Period, fierce competition in the large display market – encompassing monitors and smart TVs – resulted in a significant decline in both shipment volumes and revenue for the Group's large display IC products. The Group will accelerate the upgrade of its product portfolio by introducing more high-end products, including high refresh rate commercial and gaming monitors, as well as high-resolution televisions, to enhance future revenue growth.

The Group continues to work closely with leading display manufacturers to mass-produce a variety of mainstream new products for prominent end-user brands, including 23.8-inch UHD gaming monitors with 100Hz refresh rate, 43-, 50– and 58-inch FHD smart TVs, and 32-inch HD entry-level smart TVs. Additionally, the Group has been authorized by a major Chinese display manufacturer to develop a next-generation P2P high-speed transmission interface display driver IC. Prototypes are expected to be available in the fourth quarter of 2025, signalling the official commencement of project validation, which will help strengthen the Group's product competitiveness.

In addition to further consolidating its position in the medium to large display market, the Group will continue to expand into the emerging automotive display sector. In 2023, the Group signed a memorandum of understanding on strategic cooperation with a Shenzhen-based automotive display manufacturer and has commenced collaboration on the design and development of its first automotive-grade integrated driver IC. This product is scheduled for launch in 2025 and will be used in mainstream automotive systems.

In the medium to large e-paper market, the Group continued to ship full-color e-paper notebook driver IC sets during the Period. With increasing market penetration of end products, IC shipment volumes are expected to rise further in the second half of the year. The full-color e-paper notebook, developed in collaboration with the Group, launched its first end product in the second half of 2024. This product features the Group's Active Matrix Electrophoretic Display (AMEPD) driver IC, designed for advanced color e-paper ink screens (Gallery). Furthermore, the Group completed verification of driver IC sets for extra-large e-paper learning whiteboards and extra-large color electronic retail signage (Spectra 6) in 2024, with mass production expected to begin in the second half of 2025.

The Group is currently developing driver ICs for portable black-and-white e-book readers, with IC prototypes expected to be produced in the second half of 2025. These portable e-book readers cater to the preferences of a large user base in China that favors smaller sizes and cost-effectiveness, thereby opening up a new niche market for the Group. The Group is actively expanding its footprint in the e-paper market and will continue to monitor evolving demand trends. Shipment volumes of related IC products are expected to grow steadily in the future.

Outlook

Looking ahead to the second half of the year, the unpredictability of US trade policies is leading businesses to adopt more cautious strategies. Tariffs are also expected to push up inflation in core goods and related services, likely causing a short-term slowdown in global economic growth. The market anticipates that China will accelerate the rollout of fiscal stimulus measures, with economic growth expected to remain stable in the second half. However, uncertainties around trade negotiations continue to affect China's economy, resulting in a cautiously watchful overall market outlook. In the first half of the year, US importers, concerned about substantial tariffs, stockpiled large quantities of goods in advance to avoid the impact. With this demand now largely fulfilled, related sales in the US may decline in the second half of the year.

In addition to accelerating progress on delayed products, the Group has allocated additional resources to developing new products in order to broaden its market reach. It is launching products tailored to meet demand within each market segment, addressing diverse consumer needs. The Group continues to expand its e-paper IC portfolio, offering a range of options across the high-, mid– and low-end markets. Driver IC sets for extra-large e-paper learning whiteboards and extra-large color electronic retail signage (Spectra 6) are scheduled to enter mass production in the second half of 2025. Prototypes of seven-color electronic display labels are expected to be produced in the fourth quarter. The high-end full-color e-paper notebook IC has been successfully mass-produced since last year and continues to contribute to the Group's profitability. Newly developed portable black-and-white e-book reader ICs cater to cost-conscious consumers. Prototypes of this product is planned for production in the second half of the year. Furthermore, automotive display ICs are also set to be launched in the second half of the year.

The Group possesses ample resources to develop promising products that will maintain its long-term competitiveness. As these products are gradually introduced to the market, the Group believes they will drive both shipment volumes and profitability. The Group will also continue to closely monitor market developments and promptly adjust its product strategies as necessary.

FINANCIAL REVIEW

Revenue and Results Overview

The Group recorded a decrease of about 25.8% in revenue to US$45.9 million during the Period (1H 2024 US$61.9 million). The gross profit of US$18.2 million and gross margin of 39.6% were recorded during the Period (1H 2024: US$19.8 million and 32.0%, respectively). The decrease in revenue mainly attributable to the drop in average selling price as well as the total shipment quantities of the Group's products. The drop in shipment was mainly caused by the new product launch delay.

Selling and distribution expenses of US$1.6 million represented a decrease by 11.7%, while administrative expenses of US$5.2 million, represented an increase by 5.8%, respectively, as compared to corresponding Period of last year.

The Group has utilised the resources on the products that more adopt with the global market trend and market needs and remains selective in its product R&D spending. The R&D costs during the Period amounted to US$9.9 million (1H 2024: US$8.0 million), represent an increase of 24.3%, the R&D costs to sales ratio for the Period was about 21.6% of the total revenue for the six months ended 30 June 2025 (1H 2024: 12.9%), an increase of 8.7 percentage point when compared with the same Period of last year. The Group is committed to its long-term development and has set a bold target in R&D for innovation to solidify the leading position in IC display industry.

The Group reported a net profit attributable to owners of the parent of US$4.0 million during the Period (1H 2024: US$7.5 million). The Board does not recommend a payment of an interim dividend for the six months ended 30 June 2025.

Despite the decrease in shipment quantities and average selling price, the Board would like to emphasize that the Group is still able to manage a stable gross profit margin. We believe that total shipment volume could rebound after the launch of the new products. At the same time, we have sufficient resources to support our continued commitment on research and development projects, which is critical to sustain the long term competitiveness of the Group.

Liquidity and Financial Resource

	Unaudited 30 June 2025 US'000	Audited 31 December 2024 US'000
Current assets	**164,941**	152,710
Current liabilities	**34,182**	24,762
Net current assets	**130,759**	127,948
Current ratio	**4.83**	6.17

The Group's current ratio was 4.83 as at 30 June 2025 (31 December 2024: 6.17), reflecting a strong liquidity in its financial position. The position of working capital representing by net current assets was US$130.8 million (31 December 2024: US$127.9 million), which had no significant adverse change from the last financial year end.

The Group has invested in financial assets (mainly bank deposits) as part of its treasury management for interest income. During the Period, the Group recorded an interest income of US$2,171,000 (1H 2024: US$2,132,000).

Treasury Management

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 regular review meetings or teleconferences with individual external portfolio managers and holds internal review meetings to evaluate and monitor the investment performance.

Total cash and cash equivalents and pledged bank deposits of the Group were US$116.0 million as at 30 June 2025 (31 December 2024: US$107.7 million), an increment of US$8.3 million, of which US$3.5 million denominated in US dollars (31 December 2024: US$3.5 million) were pledged to banks to secure for general banking facilities for general operation purpose. Cash and cash equivalents and bank deposits of the Group were mainly denominated in US dollars, New Taiwan dollars, Australian dollars, Hong Kong dollars and Renminbi.

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 2025, the Group had no major borrowing other than a bank loan in connection with a PRC subsidiary for working capital financing amounting to US$1.3 million, which was denominated in Renminbi. The Group's cash balance was mainly invested in various deposits in banks.

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, 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.

Capital Expenditure and Contingent Liabilities

During the Period, capital expenditure of the Group was US$1,839,000 (1H 2024: US$1,778,000).

As at 30 June 2025, there was US$0.5 million capital expenditure contracted but not provided for (31 December 2024: US$3.5 million).

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

Acquisition and Disposal of Material Subsidiaries and Associates

The Group did not acquire or dispose of any material subsidiaries and associates during the Period.

Charge of Assets

As at 30 June 2025, pledged bank deposits which amounted to US$3.5 million (31 December 2024: US$3.5 million) were pledged to banks to secure against banking facilities.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 30 June 2025, the Group had a total workforce of 322 employees*. About 35% of the workforce were based at the Hong Kong headquarters, with the rest located in Mainland China and Taiwan. Employee salary and other benefit expenses increased to approximately US$11.9 million during the Period from approximately US$11.1 million in the first half of 2024, which represented an increase of 7.2%. The increase was because of the increase in headcount for our R&D team. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes for Hong Kong employees) or the government-managed retirement pension scheme (for mainland China and Taiwan employees), medical and other insurances, discretionary bonus is also awarded to employees according to the assessment of individual performance.

* Data excludes the testing center in Mainland China

CORPORATE GOVERNANCE AND SUPPLEMENTARY INFORMATION

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 C1 to the Listing Rules throughout the six months ended 30 June 2025.

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 C3 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 2025.

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 2025.

Review of Interim Condensed Consolidated Financial Information

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

The unaudited interim condensed consolidated financial information has been reviewed by the Company's independent auditor, Ernst & Young, 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.

Publication of Interim Results on the Stock Exchange's Website and the Company's Website

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 13 August 2025.

On behalf of the Board
Solomon Systech (International) Limited
Wang Wah Chi, Raymond
Chief Executive Officer

Hong Kong, 13 August 2025

As at the date of this announcement, the Board comprises: (a) Executive Directors – Mr. Wang Wah Chi, Raymond (Chief Executive Officer); (b) Non-executive Directors – Mr. Yang Kun (Chairman), Mr. Wang Hui and Ms Liu Fei; and (c) Independent Non-executive Directors – Mr. Chan Chi Kong, Dr. Chan Philip Ching Ho and Dr. Kwok Hoi Sing.

DEFINITIONS AND GLOSSARY

Board	Board of Directors
Code Provision(s)	Code provision(s) in the Corporate Governance Code contained in Appendix C1 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
ESL	Electronic Shelf Label
Group	The Company and its subsidiaries
HKAS	Hong Kong Accounting Standards
HK$	Hong Kong dollars
Hong Kong/HK/HKSAR	Hong Kong Special Administrative Region
IC	Integrated Circuit
LCD	Liquid Crystal Display
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
MIPI	Mobile Industry Processor Interface
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
OLED	Organic Light Emitting Diode
PMOLED	Passive Matrix Organic Light Emitting Diode
China/Mainland China	The People's Republic of China, for the purpose of this report, excluded Hong Kong Special Administrative Regions, Macau Special Administration Regions and Taiwan
R&D	Product Design, development and engineering
the Stock Exchange	The Stock Exchange of Hong Kong Limited
TDDI	Touch and Display Driver Integration
TFT	Thin Film Transistor
UK	United Kingdom
USA/US/United States	United States of America
US$	US dollars