

Our People

Build on CHANGE

Our Technology

Makes a DIFFERENCE



CHAIRMAN'S STATEMENT

The Group is prepared to face and grow with change. It is this forward-looking attitude that makes us different.



Heraclitus, a Greek philosopher of the late 6th century, once said, "Nothing endures but change." I agree with him. Change seems to be the one consistent phenomenon we can expect to see in the global economy, local economies, industries, the environment, and individual businesses. In 2006, there were bigger-than-normal spikes in gasoline prices, IT giants re-positioned themselves for a new era of global competition, and the effects of global warming on world climate capturing the eyes of the world, etc.

I believe in change because we were born of it and have lived by it. But I emphasize that we should not be afraid of change but instead embrace it. And that is how we find solutions to problems and open new opportunities that bring prosperity and growth.

Adapt to and prepare for changes

The semiconductor market is changing with display technologies going through transition. Against this backdrop, we diversified our business, invested in critical areas to make sure we are well positioned to cope with and ride on the changes. Despite being challenged by severe fluctuation in ICs demand during the year, the Group managed a business recovery, higher corporate governance and continuous care for the society. The Group is prepared to face and grow with change. It is this forward-looking attitude that makes us different. I am glad to see the Group making progress in the right directions.

The Group's net profit in 2006 was US\$22.4 million and shipped some 230 million units of display IC.

Demand was unusually weak in the 3rd quarter, but it picked up in the final quarter with shipment amounts back on track. As a whole, the Group had around 16-18% share in the global mobile display IC market.

In light of the Group's net profit made and rich cash position for the year, the Board resolved to declare a final dividend of 4 HK cents per share. Total dividend payout was over 80% of earnings. The Group will review its expansion plans and cash position from time to time to ensure it has the optimum capital structure that promises to maintain a good balance between the interests of shareholders and the Group's business needs.

Solomon Systech ready to brave new heights

I have had three exciting and rewarding years as Chairman of Solomon Systech. The Group has grown notably since its IPO in 2004 on a foundation getting stronger by the year. It is thus with great satisfaction and pride that I handed over leadership of the Board to Mr. Patrick Sun effective from 1 January 2007. Mr. Sun is the new Non-executive Chairman of the Group and I remain as a Non-executive Director on the Board. I am confident that Mr. Sun, who brings with him solid experiences in the financial service industry and many other leadership attributes, will see to it that the Board provides effective business guidance to the management in growing the Group's business with stakeholders' interests in mind, enhancing its culture and corporate governance and taking its business to new heights.



LAM Pak Lee
Former Chairman

CHAIRMAN'S STATEMENT (continued)



With market conditions mixed, the Group expects to see both challenges and opportunities ahead.

Led by my predecessor Dr. Lam Pak Lee, the Group has established firm footing on the path of success. With market conditions mixed, the Group expects to see both challenges and opportunities ahead. It intends to grow its business through partnerships, strategic investment, M&A and business diversification.

As Chairman of the Board, I will lead fellow members in reviewing the Company's strategies and directions, and work on enhancing external relations and corporate governance in accordance with the responsibilities prescribed for the Chairman by the Board.

Corporate Governance

Effective from 1 January 2007, the Board has 11 members, of whom 5 are executive directors, 2 are non-executive directors and 4 are independent non-executive directors. The Managing Director

and other senior management members are responsible for running the business while I and other non-executive directors will monitor the performance and business strategies of the Group, and ensure all activities of the Group comply with the highest corporate governance standards.

Prospects

In the coming year, the Group expects challenges such as pricing pressure and competition to continue. The Group will focus on building on its new leading products to gain market share and achieve earnings growth. I have full confidence in the capabilities of our management team and dedicated staff in helping the Group deliver outstanding results. We have a team that shares the Group's objectives of achieving sound financial performance, maintaining sustainable business growth and being a corporation that cares about society.



SUN, Patrick

Chairman