

MANAGING DIRECTOR'S CHAT ROOM



? What was the major challenge for the Group in 2006?

2006 was a year of change for Solomon Systech. First of all, the market environment changed as panel makers in OLED and large panel industries realigned their businesses. The display industry was able to maintain a high unit growth rate but had to bear severe pricing pressure. Secondly, we saw the large volume commercialization of much anticipated new display technologies. Our foresight in E-paper came true. The technology was adopted in high volume handset application. As a result, the Group shipped over 10 million units of E-paper IC in the last quarter of 2006 and established firm leadership in this market.

To match the changing environment, we have enhanced our internal operations and launched several key leading new products that meet latest display requirements.

What were the major enhancement made by the Group?

The team is constantly seeking to advance and reinforce its special expertise. During the year, several senior management members were appointed and we continued to recruit high caliber engineers to strengthen our organizational structure and workforce. We also empowered our operation with a tailored Enterprise Resource Planning (ERP) system, which allows us to manage our business more effectively and make faster and more accurate business decisions.

As for the introduction of leading new products, I am especially pleased to see the launch of the MIPI¹ master bridge chip, the first member of our innovative display high-speed interface solutions that can help to accelerate the adoption of application-rich mobile devices. Solomon Systech was the first in the semiconductor industry to implement the MIPI interface standards for minimal wire connections in a working IC. We presented the product in the 2006 MIPI Third Quarterly Meeting and MIPI alliance members from around the world who attended were astonished by our achievement. Our MIPI leadership will open us to future business opportunities with top tier customers.

These achievements speak to our professionalism, which has enabled us to constantly develop and commercialize unique products that lead the market.

What made you stand out amid keen competition?

Our experience in technology and business management, which underscores our ability to identify new technologies with tremendous application potential, is what set us apart from our competitors. A good example is the OLED driver IC, which we started to develop in early 2001 before the technology had a market. We have been leading the world in this area since then.

Bistable driver IC for E-paper display applications is another outstanding example. We are the first and the only company supporting the driver IC for the world's first E-paper mobile phone in mass production. Foresight, unrivaled technological expertise and innovation are what make us stand out in the market.

1. MIPI – Mobile Industry Processor Interface

You said 2006 was a year of change for Solomon Systech. Had there been any change in the Group's fundamentals?

In our 2004 annual report, we identified five 'I's (Industry Talent, Innovation, Institutionalization, International Partnership and Integrity) as the cornerstones of our business foundation. We have kept and will keep on upholding the five principles to sustain growth of the Group as a business and a corporation so as to win the trust and goodwill of our stakeholders.

Another integral part of our fundamentals is our corporate culture that emphasizes dedication of each and every staff member in completing every task with perfection and sharing of success. Our corporate culture and the spirit it instills in us is also what underpin our pursuit of uncompromising corporate governance.

What will be the major driving force for the Group's business in the coming years?

The mobile display business will continue to be a major focus area of the Group. While display panel ICs will remain as an important part of our business, the emergence of high performance mobile video/TV applications will see our display system ICs business grow quickly. As the first company to offer a working high-speed display interface ICs that comply with the latest industry standard, our system IC solutions will take the Group's business into a new era.

New display business with our E-paper driver IC as the star will also give us significant growth impetus. It complemented the world's first E-paper mobile phone launched last November. From my point of view, there are many more high volume and innovative applications to come. And, as it finds its way into different innovative products, it will bring significant revenue contribution to the Group .

Supported by our advanced technologies and staff committed to excellence, I look forward to growing our business by diversifying our product offerings, creating new market applications for different products and broadening our customer base.