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)

2025 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue decreased by 17.8% to US$93.3 million.
- Gross profit was US$32.7 million, decreased by 14.2%.
- Gross margin was 35.0%, increased by 1.5 percentage points.
- Profit attributable to owners of the parent was US$4.0 million, decreased by 60.2%.
- Earnings per share was 0.2 US cent (1.6 HK cent).
- The Board resolved not to declare any final dividend for the year ended 31 December 2025.

ANNUAL RESULTS

The Directors of Solomon Systech (International) Limited announce the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025 together with the comparative figures for the immediate preceding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 US$'000	2024 US$'000
Revenue	4	**93,257**	113,440
Cost of sales		**(60,604)**	(75,394)
Gross profit		**32,653**	38,046
Research and development costs		**(21,519)**	(18,673)
Selling and distribution expenses		**(3,231)**	(4,735)
Administrative expenses		**(10,363)**	(10,033)
Other expenses	5	**(14)**	(212)
Other income and gains – net	6	**2,542**	1,582
		68	5,975
Finance income – net	7	**3,906**	3,982
		3,974	9,957
Share of profits of associates		**187**	144
Profit before tax	8	**4,161**	10,101
Income tax (expense)/credit	9	**(133)**	29
Profit for the year attributable to owner of the parent		**4,028**	10,130
Earnings per share attributable to ordinary equity holders of the parent:			
(expressed in US cent per share)	10		
– Basic		**0.2**	0.4
– Diluted		**0.2**	0.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	US$'000	US$'000
Profit for the year	**4,028**	10,130
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**748**	(228)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
– Financial asset designated at fair value through other comprehensive income: Changes in fair value	**58**	–
Other comprehensive income for the year	**806**	(228)
Total comprehensive income for the year attributable to owner of the parent	**4,834**	9,902

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 US$'000	2024 US$'000
NON-CURRENT ASSETS			
Intangible assets		–	–
Property, plant and equipment		6,196	5,480
Right-of-use assets		2,237	3,052
Investments in associates		1,092	905
Financial asset designated at fair value through other comprehensive income		1,219	1,161
Other receivables, prepayments and deposits	12	456	398
Total non-current assets		11,200	10,996
CURRENT ASSETS			
Inventories		18,294	13,357
Trade and other receivables, prepayments and deposits	12	28,316	31,611
Pledged bank deposits		2,500	3,500
Cash and cash equivalents		104,413	104,242
Total current assets		153,523	152,710
CURRENT LIABILITIES			
Trade and other payables	13	19,904	22,974
Lease liabilities		1,494	1,412
Tax payable		514	376
Total current liabilities		21,912	24,762
NET CURRENT ASSETS		131,611	127,948
TOTAL ASSETS LESS CURRENT LIABILITIES		142,811	138,944
NON-CURRENT LIABILITIES			
Lease liabilities		936	1,903
Net assets		141,875	137,041
EQUITY			
Equity attributable to owners of the parent			
Issued capital		32,193	32,193
Reserves		109,682	104,848
Total equity		141,875	137,041

NOTES

1. Corporate and Group information

Solomon Systech (International) Limited and its subsidiaries are fabless semiconductor companies specializing in the design, development and sales of proprietary 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 and 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 Pavillion 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.

The consolidated financial statements are presented in US dollars, unless otherwise stated.

2. Basis of preparation

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through other comprehensive income which has been measured at fair value.

3. Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries, branches and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

4. Operating segment information and disaggregation of revenue

During the year, the Group was 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, tablets, smart TVs/monitors, notebooks and other smart devices, including ESLs, wearables, healthcare devices and 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 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 review the Group's internal reporting as a whole to assess performance and allocate resources.

Sales amounted to US$93,257,000 and US$113,440,000 for the years ended 31 December 2025 and 2024, respectively.

The Company is domiciled in Hong Kong. The Group mainly operates in Hong Kong. During 2025, the Group's products were mainly sold to customers located in Hong Kong, Mainland China, Taiwan, Japan and Europe.

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

	2025 **US$'000**	2024 US$'000
Hong Kong	**55,703**	63,532
Mainland China	**3,841**	4,895
Taiwan	**13,469**	18,744
Europe	**15,050**	19,785
Japan	**4,905**	6,107
Korea	**152**	179
South East Asia	**32**	48
USA	**–**	60
Others	**105**	90
	93,257	113,440

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

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

	2025 **US$'000**	2024 US$'000
New Display ICs	**59,925**	59,063
OLED Display ICs	**15,461**	16,335
Mobile Display and Mobile Touch ICs	**11,482**	24,151
Large Display ICs	**6,389**	13,891
	93,257	113,440

(c) Revenue from contracts with customers that was included in the contract liabilities at the beginning of the reporting period

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 US$'000	2024 US$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of ICs	2,193	941

(d) Non-current assets

	2025 US$'000	2024 US$'000
Hong Kong	1,638	2,599
Mainland China	6,283	5,145
Taiwan	1,604	1,693
	9,525	9,437

Non-current assets are listed based on the locations of the assets which exclude financial assets.

(e) Capital expenditures

	2025 US$'000	2024 US$'000
Property, plant and equipment		
Mainland China	2,235	1,825
Hong Kong	57	200
Taiwan	70	229
	2,362	2,254

Capital expenditures are listed based on the locations of the assets.

(f) Major customers

For the year ended 31 December 2025, the largest customer was located in Hong Kong and the second largest customer was located in Europe. Sales to them were US$47,649,000 and US$12,176,000, respectively, which individually accounted for over 10% of the Group's total revenue.

For the year ended 31 December 2024, the largest customer was located in Hong Kong and the second largest customer was located in Europe. Sales to them were US$43,171,000 and US$16,857,000, respectively, which individually accounted for over 10% of the Group's total revenue.

(g) Performance obligation

Sale of integrated circuits products
The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from date of delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

	2025 **US$'000**	2024 US$'000
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of goods not previously recognised due to constraints on variable consideration	**92**	(12)

5. Other expenses

	2025 **US$'000**	2024 US$'000
Impairment loss of trade receivables	**14**	78
Impairment loss of other receivables and deposits	**–**	25
Loss on dissolution of a subsidiary	**–**	109
	14	212

6. Other income and gains – net

	2025 **US$'000**	2024 US$'000
Government grants*	**759**	440
Gain on disposal of items of property, plant and equipment	**42**	36
Reversal of impairment loss of other receivables and deposits	**53**	–
Foreign exchange differences, net	**(329)**	1,086
Others**	**2,017**	20
	2,542	1,582

* Various government grants have been received for the Group's research and development projects during the year. There are no unfulfilled conditions relating to these grants.

** Other income for the year included an amount of US$2 million arising from the amendment of a collaboration agreement, which was received during the year.

7. Finance income – net

	2025 US$'000	2024 US$'000
Interest income	**4,070**	4,116
Interest on bank loans	**(5)**	(6)
Interest on lease liabilities	**(159)**	(128)
	3,906	3,982

8. Profit before tax

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

	2025 US$'000	2024 US$'000
Cost of goods sold	**62,122**	78,575
Product engineering costs	**4,537**	1,784
Reversal of provision for obsolete or slow-moving inventories, net	**(2,341)**	(3,978)
Depreciation of property, plant and equipment#	**1,644**	1,589
Depreciation of right-of-use assets##	**1,341**	1,433
Gain on disposal of items of property, plant and equipment*	**(42)**	(36)
Lease payments not included in the measurement of lease liabilities	**–**	8
(Reversal of impairment loss)/impairment loss of other receivables and deposits*	**(53)**	25
Impairment loss of trade receivables*	**14**	78
Loss on dissolution of a subsidiary*	**–**	109
Foreign exchange differences, net*	**329**	(1,086)
Auditor's remuneration	**145**	155
Employee benefit expenses (including directors' emoluments):		
– Salaries, fees, allowances, bonuses and other benefits	**23,517**	23,226
– Equity-settled share option expense	**1**	6
– Pension scheme contributions (defined contribution schemes)**	**407**	392
– Termination benefits	**498**	68
	24,423	23,692

* The balances are included in "Other income and gains – net" for gains/reversal of impairment loss and "Other expenses" for losses in the consolidated statement of profit or loss.

** At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2024: Nil).

Depreciation of property, plant and equipment for the year of US$823,000 (2024: US$665,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

Depreciation of right-of-use assets for the year of US$125,000 (2024: US$132,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

9. Income tax

No provision for Hong Kong profits tax has been made for the current year as the Group has no estimated assessable profits arising in Hong Kong for the year. In the prior year, no provision for Hong Kong profits tax has been made as the Group had available tax losses brought forward from prior years to offset the assessable profits generate in prior year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 US$'000	2024 US$'000
Current – Elsewhere – Mainland China:		
Charge/(credit) for the year	133	(29)
Total income tax expense/(credit)	133	(29)

10. Earnings per share

(a) Basic earnings per share

The basic earnings per share for the year is calculated based on the Group's profit in 2025 attributable to owners of the parent of US$4,028,000 (2024: US$10,130,000) and the weighted average number of 2,497,752,351 (2024: 2,496,128,581) ordinary shares in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share is calculated based on the Group's profit for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year after adjusting for the effects of all dilutive potential ordinary shares.

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

	Number of shares	
	2025	2024
Weighted average number of ordinary shares in issue	2,497,752,351	2,496,128,581
Effect of dilution – weighted average number of ordinary shares: share options	–	–
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	2,497,752,351	2,496,128,581

(i) No Adjustment has been made for the year ended 31 December 2025 as there is no dilutive effect on the 500,000 share options (2024: 16,180,000 share options) outstanding for the weighted average of number of ordinary shares.

11. Dividends

No dividend for the years ended 31 December 2025 and 2024 was declared or paid by the Company. In addition, the Board resolved not to propose a final dividend for the year ended 31 December 2025.

12. Trade and other receivables, prepayments and deposits

	2025 US$'000	2024 US$'000
Trade receivables	**9,605**	12,421
Trade receivables from related parties	**13,806**	7,666
Impairment	**(215)**	(201)
Trade receivables – net	**23,196**	19,886
Other receivables, prepayments and deposits	**4,906**	11,561
Prepayments to related parties	**226**	225
Impairment	**(12)**	(61)
Trade and other receivables, prepayments and deposits – current portion	**28,316**	31,611
Other receivables, prepayments and deposits – non-current portion	**456**	402
Impairment	**–**	(4)
Other receivables, prepayments and deposits, net, non-current portion	**456**	398
	28,772	32,009

As at 31 December 2025, the Group's trade receivables from corporate customers were mainly on credit terms of 30 to 90 days. As at 31 December 2025, the ageing analysis of trade receivables based on invoice dates and net of loss allowance, is as follows:

	2025 US$'000	2024 US$'000
1–30 days	**14,675**	14,278
31–60 days	**3,598**	2,958
61–90 days	**4,022**	1,917
91–180 days	**670**	730
181–360 days	**–**	3
over 360 days	**231**	–
	23,196	19,886

13. Trade and other payables

	Notes	2025 US$'000	2024 US$'000
Trade payables		**5,973**	7,439
Trade payables to a related party		**3**	96
	(a)	**5,976**	7,535
Accrued expenses and other payables		**11,941**	11,313
Contract liabilities	(b)	**621**	2,647
Contract liabilities from a related party	(b)	**–**	167
Refund liabilities		**1,366**	1,312
		19,904	22,974

Notes:

(a) At 31 December 2025, the ageing analysis of the trade payables based on invoice dates is as follows:

	2025	2024
	US$'000	US$'000
1 – 30 days	**2,875**	3,614
31 – 60 days	**1,457**	2,266
61 – 90 days	**1,028**	1,131
Over 90 days	**616**	524
	5,976	7,535

The trade payables are non-interest-bearing and have an average term of three months.

(b) Details of contract liabilities are as follows:

	31 December 2025	31 December 2024	1 January 2024
	US$'000	US$'000	US$'000
Advances received from customers			
Sales of ICs	**621**	2,647	3,282
Advances received from a related party			
Sales of ICs	**–**	167	456
	621	2,814	3,738

Contract liabilities include advances received to deliver semiconductor products. The decrease in contract liabilities in 2025 and 2024 was mainly due to the decrease in advances received.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2025, escalating trade tensions accelerated global fragmentation and reshaped international supply chains. In April, the United States introduced a series of stringent trade policies and tariff measures, posing significant threats and challenges to the semiconductor industries in Asia, particularly in Mainland China. Although Sino-US trade frictions temporarily eased, they continued to generate considerable market volatility. During the first half of the year, US importers built up substantial inventories in anticipation of steep tariffs. However, as demand had been brought forward and largely absorbed, related sales in the United States declined in the second half of the year. Across Asia, domestic demand in certain countries remained below pre-pandemic levels. While China implemented measures to curb destructive price competition, its economy has yet to fully emerge from deflationary pressures.

During the year under review, the Group's total shipment volume increased by 16.7% to approximately 342 million units, compared with 293.2 million units in 2024. Amid continued price reductions in end products and intensified industry competition, the average selling price declined. Consequently, the Group's total revenue for the year decreased by 17.8% from US$113.4 million in 2024 to US$93.3 million in 2025, while the gross profit margin remained stable.

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 is illuminated by reflecting ambient light.

During the year under review, the three-colour (Spectra™ 3000) and four-colour (Spectra™ 3100) electronic display labels available on the market completed their generational upgrades, and the Group likewise completed the specification upgrade of all models of its four-color display labels. Driven by sales of four-colour display labels, and further supported by developments in the second quarter when the United States imposed reciprocal tariffs on nearly all major economies before subsequently announcing a temporary suspension, retailers brought forward orders during the suspension period, thereby boosting demand for electronic display labels. As a result, the shipment volume of the Group's new display IC products increased by over 40% year-on-year. However, intensified market competition led to a decline in the average selling price of the Group's new display IC products, resulting in revenue remaining broadly in line with last year, while the gross profit margin recorded a slight improvement.

Electronic shelf labels (ESLs) enable flexible price updates, enhance operational efficiency and facilitate inventory management. They not only reduce long-term costs but also help lower retailers' carbon footprints, aligning with the global trend towards paperless sustainability. Owing to these numerous advantages, ESLs have become widespread in Europe and North America and are emerging as a growing trend in other Asian countries. The Group positioned itself early in developing ICs for ESLs over many years, and its customers include a number of the world's leading supermarket chains.

Looking ahead to 2026, the electronic display label market is expected to enter the era of seven-colour displays. The Group has invested in the development of IC products supporting seven-colour (Spectra™ 3100 Plus) electronic display labels. Prototypes of certain models were produced in the fourth quarter of last year, while the remaining models are scheduled to produce prototypes progressively in the first half of this year. The products are expected to be launched in the second half of this year and are anticipated to generate higher profitability for the Group compared with four-colour electronic display label IC products. Colour displays will broaden the application scope of electronic display labels and are expected to further increase adoption rates. In addition to ESLs, the Group is also committed to expanding the application of colour e-paper display technology into other areas, including electronic paper photo frames for various products and electronic name badges capable of displaying photographs to identify the wearer.

The Group is currently supporting E Ink Holdings Inc in the development of Prism™ 3 multi-colour electronic paper film technology. This segmented display technology enables dynamic colour changes across a wide range of applications and sectors, including home appliances, vehicle exteriors, interior décor and wearable products, thereby enhancing product personalisation. Prism can be freely cut and applied to curved surfaces, significantly increasing flexibility and application possibilities. The Group's IC products supporting Prism™ 3 are scheduled to produce prototypes in the second quarter of this year, with a planned market launch in the fourth quarter.

OLED Display ICs

Solomon Systech offers a comprehensive portfolio of OLED display driver ICs for a broad spectrum of applications, including passive-matrix OLED (PMOLED), mini-/micro-LED and icon IC products. The Group is the world's largest supplier of PMOLED display driver ICs and commands a leading global market share in terms of annual shipment volume. 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-colour displays, providing ideal display solutions for portable electronic devices. During the year under review, shipment volume and revenue from the Group's OLED display ICs recorded a slight decline.

The Group provides a series of cost-competitive icon ICs. Since their launch in 2023, customers have continued to promote end products incorporating this series. Targeting display sizes ranging from 1 to 4 inches, these icon ICs are suitable not only for portable devices but also enable the Group to expand into the large-panel segment of the smart home appliance market. Smart appliances have become a prevailing industry trend, and the Group will continue to focus on the growing demand for smart home solutions and Internet of Things (IoT) applications. During the year under review, the Group also stepped up promotion of its newly developed IC products supporting transparent PMOLED displays. Transparent PMOLED technology represents an emerging innovation that enables see-through display applications, such as diving masks and golf ball tracking eyewear.

The Group is also a pioneer in mini-/micro-LED applications. Its mini-LED DDI solutions for 50- to 100-inch indoor digital signage have been in mass production since 2018. The solutions are currently deployed by film studios in the United States to create dynamic virtual scenes on filming sets. In 2023, the Group launched the world's first small-size passive micro-LED display driver IC, the SSD2363. This product supports next-generation high-brightness 16.7-million-colour displays of 3 inches or below and is well suited to wearable devices, home appliances and industrial applications. Currently, the IC is primarily supplied to customers for validation and functional testing of micro-LED features in their end products. The Group is also actively engaging with a diverse range of customers to extend its application into higher value-added projects, including automotive applications.

Mobile Display and Mobile Touch ICs

Solomon Systech provides a wide range of mobile display and mobile touch IC solutions and continues to broaden its product portfolio. Its offerings include In-Cell Touch display driver ICs, TFT display driver ICs, STN display driver ICs, MIPI bridge ICs and display controller ICs, supporting a diverse array of industrial and consumer products such as smartphones, tablet computers, wearable devices, gaming devices and IoT equipment. The Group is a pioneer in MIPI display solutions and offers a suite of proprietary features enabling high-resolution, high-speed and low-power displays for smart devices.

During the year under review, shipment volume and revenue from the Group's mobile display and mobile touch IC products recorded a relatively significant decline. Sales of gaming controller ICs remained broadly in line with the previous year. As the mainstream models of current-generation game consoles have been on the market for several years, the market has reached a degree of saturation. Meaningful sales growth is therefore likely to depend on the launch of new games or next-generation console models.

The Group possesses strong expertise in TDDI technology. Its gaming controller ICs are designed to deliver greater control accuracy, faster response times and extended battery life. The Group is actively expanding the application of its mobile display and mobile touch IC technologies into additional fields. It is currently developing a mini-LED backlighting solution, for which the FPGA development platform has been completed and customer commitment secured for the production of conceptual products. The Group is now developing a standard IC, with commercial launch expected in the first half of 2026 for application in automotive head-up displays (HUDs). The Group will continue to engage with customers across various end-product segments to better understand their requirements and to develop solutions tailored to specific application needs.

Large Display ICs

The Gorup remains committed to collaborating with leading display panel manufacturers in China and overseas to develop a comprehensive portfolio of large-size display driver IC solutions. These solutions support a wide range of applications, including commercial displays, high-end gaming monitors, smart televisions of various sizes, as well as medium- and large-format colour e-paper signage, e-paper bulletin boards, e-book readers and e-wallets.

During the year under review, demand for televisions and monitors in the China market remained subdued. The traditional TFT display driver IC market faced intense pricing pressure, particularly in the second half of the year, when aggressive price competition placed significant downward pressure on average selling prices. As a result, shipment volume and revenue of the Group's large-size display IC products declined notably. The Group continued to collaborate with its partners on the mass production of mainstream specification products, including 23.8-inch 100Hz high-refresh-rate gaming monitors, as well as 43-inch, 50-inch and 58-inch full HD smart televisions and 32-inch HD smart televisions.

Looking ahead, the Group will implement a dual-track product strategy. In the high-end segment, it will continue to accelerate product mix enhancement by introducing more high-refresh-rate commercial and gaming monitors to improve profitability. In the entry-level mass market, following further evaluation of the originally authorised next-generation P2P high-speed transmission interface display driver IC, the Group swiftly adjusted its technical roadmap in view of cost structure considerations. It has shifted to developing miniLVDS interface driver ICs with higher transmission speeds. This strategic adjustment is intended to achieve an optimal balance between performance and cost, effectively addressing customer requirements and further strengthening the Group's market position in the entry-level segment in 2026.

Beyond its continued focus on the medium- and large-size display markets, the Group is actively expanding into the automotive display sector, which offers compelling long-term growth potential. Building on its strategic collaboration with a Shenzhen-based automotive display panel manufacturer, the Group's first automotive-grade integrated driver IC solution designed for mainstream vehicle systems successfully completed preliminary internal validation during 2025, and is expected to be launched in the second half of 2026. The Group will also continue to engage more target customers for product development and actively pursue product validation, with the objective of achieving commercial launch and converting the product into tangible revenue, thereby establishing a new growth driver for the Group.

In the medium– and large-format e-paper markets, shipment of full-colour eReader/eNote driver IC sets remained stable throughout the year, supported by rising end-product penetration. In addition, development of the Group's Colour Retail Media Signage/Outdoor Signage solution (Spectra™ 6) progressed in line with expectations. The colour retail media signage entered the pre-mass production validation stage in the fourth quarter of 2025. The solution is scheduled to commence mass production in the first half of 2026 and is expected to make a meaningful contribution to the Group's revenue.

Furthermore, targeting the substantial potential user base of the portable e-reader market, the Group's first integrated (All-in-One) driver IC supporting portable monochrome e-book readers was successfully produced in the fourth quarter of 2025. Major customer validation is expected to be completed in the first quarter of 2026, followed by mass production in the second and third quarters. With demand for large-size e-paper gradually emerging in the second half of 2025, together with the benefits arising from the forthcoming mass production of new product lines, the Group remains optimistic about the outlook for its e-paper business in 2026 and anticipates continued growth in shipment volume of related IC products.

Outlook

Looking ahead to 2026, geopolitical tensions are expected to remain volatile, and US tariff measures may continue to fluctuate. Ongoing strategic rivalries among major economies are likely to create market volatility and uncertainty. Coupled with an unclear inflation outlook, businesses are expected to adopt more cautious strategies, resulting in a generally prudent market sentiment. The market anticipates that the Chinese government may introduce stronger demand-side policies, including subsidies. Combined with earlier measures to curb destructive price competition, these initiatives are expected to help ease deflationary pressures in China's economy. On the cost side, strong demand for AI chips and power management ICs is likely to intensify competition for wafer resources with driver IC products, potentially pushing up wafer prices and increasing the Group's production costs. The Group will closely monitor supply chain conditions and flexibly adjust its sourcing network to mitigate cost pressures.

In response to evolving market demand, the Group will continue to invest heavily in new product development and focus resources on high-potential products across key niche segments, including e-paper and automotive applications, to meet growing consumer needs. The Group is also continuously expanding its e-paper IC portfolio, offering a wide range of solutions for the high-, mid- and entry-level markets. The first half of 2026 is expected to mark the commercialisation of large-size e-paper and portable e-reader ICs, with prior research and development investments beginning to translate into tangible revenue. Driver ICs for colour retail media signage (Spectra™ 6) are set to enter mass production. Other IC products planned for market introduction in 2026 include portable monochrome eReader ICs and seven-colour electronic display labels. Meanwhile, the Group's premium full-colour eReader/eNote ICs are expected to continue generating stable shipments and profitability. In addition, the mini-LED backlighting solution for automotive HUDs is scheduled for market launch in the first half of the year.

Leveraging its strong resources, the Group will continue to drive the research and development of high-potential products to secure long-term competitive advantages. As new products are progressively launched, shipment volumes and profitability are expected to improve. At the same time, the Group will remain closely attuned to market dynamics and maintain flexibility in its product strategy to capitalise on opportunities and achieve steady, sustainable growth.

FINANCIAL REVIEW

Revenue and Results Overview

The Group recorded a decrease of about 17.8% in revenue to US$93.3 million during the year (2024: US$113.4 million). The decrease mainly attributable to the drop in average selling price of the Group's products which in turn lead to decrease in gross profit amount.

Profit attributable to owners of the parent was reported at US$4.0 million, representing a decrease of approximate 60.2% from US$10.1 million in 2024. Earnings per share were 0.2 US cent, down 0.2 US cent from 2024.

Despite the decrease in average selling price, the Group is still able to capture a stable increase in shipment quantity in New Display IC area. 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.

Gross profit

Gross profit of US$32.7 million and gross margin of 35.0% were recorded during the Period (2024: US$38.0 million and 33.5%, respectively). The decrease in gross profit amount was mainly attributable to the decrease in revenue.

Costs and Expenses

The Group's total expenses (including product R&D costs, S&D expenses, administrative expenses and other expenses) for the year ended 31 December 2025 amounted to about US$35.1 million (2024: US$33.7 million), representing an increase of 4.4% as compared to that for the year 2024.

The Group is committed to investing in product R&D and business development. During the year under review, the product R&D costs amounted to US$21.5 million (2024: US$18.7 million) representing an increase of US$2.8 million, or 15.2%, and the product R&D costs to sales ratio for the year ended 31 December 2025 was 23.1% (2024: 16.5%), representing an increase in 6.6% percentage points. The Group has utilised the resources on the new product introduction and technology development mainly on the products that more adopt with the global market trend and on viable businesses. The Group has set a bold target in R&D for innovation to solidify its leading position in IC display industry.

S&D expenses for 2025 amounted of US$3.2 million (2024: US$4.7 million), represent a decrease of 31.8%, whilst the S&D expenses to sales ratio was 3.5% (2024: 4.2%). Administrative expense amounted to US$10.4 million (2024: US$10.0 million). The S&D and administrative expenses combined decreased by 7.9% as compare to that of 2024. The decrease was mainly attributable to the group on-going stringent cost control measures on overall expenses.

Other Income and Gains – Net

During the year under review, other income amounted to US$2.5 million (2024: US$1.6 million), increased by US$0.9 million, which was mainly due to increase in government subsidies and service income received in 2025.

Profit Attributable to the Owners of the Parent

During the year under review, the Group reported a profit attributable to shareholders of US$4.0 million, as compared to a profit attributable to shareholders for the year ended 31 December 2024 of US$10.1 million. The main reasons for the decrease in profit attributable to shareholders in the year 2025 were because of the decrease in revenue, which was mainly due to the decrease in average selling price, which in turn lead to decrease in profit. The 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 Resources

	As at 31 December	
	2025	2024
	US$'000	US$'000
Current assets	**153,523**	152,710
Current liabilities	**21,912**	24,762
Net current assets	**131,611**	127,948
Current ratio	**7.01**	6.17

The Group's current ratio was 7.01 as at 31 December 2025 (31 December 2024: 6.17), reflecting a strong liquidity in its financial position. Working capital position of the Group remains healthy.

The Group does not have any significant interest-bearing loans and borrowings at 31 December 2025 and 2024, and is in net cash position.

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 bank deposits of the Group were US$106.9 million as at 31 December 2025 (2024: US$107.7 million), of which US$2.5 million denominated in US dollars (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 and Renminbi.

As at 31 December 2025 and 2024, the Group had no bank borrowing.

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 year under review, the Group had not entered into any major 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 year of 2025, capital expenditure of the Group was US$2.4 million (2024: US$2.3 million).

As at 31 December 2025, capital expenditure contracted for but not yet incurred was approximately US$2.2 million (2024: US$3.5 million).

The Company has provided corporate guarantees amounted to US$14.0 million (2024: US$14.0 million) to banks in connection with banking facilities granted to a subsidiary, of which US$3 million (2024: US$5 million) were utilised as at 31 December 2025 as bank guarantees.

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

Significant Investments Held

During the year under review, there was no significant investments held by the Group.

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, the Group did not have any future plans for material investments and capital assets.

Acquisition and Disposal of Material Subsidiaries and Associates

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

Charge of Assets

As at 31 December 2025, the Group did not have any other charge on its assets except for time deposits amounted to a total of US$2.5 million (2024: US$3.5 million) pledged to banks for securing banking facilities.

HUMAN RESOURCES

As of 31 December 2025, the Group had a total workforce of 317 employees*. About 35% of the workforce were based at the Hong Kong headquarters, with the rest located in Mainland China and Taiwan. The Group also has a testing center located in Mainland China, with a workforce of 65 employees. Employee salary and other benefit expenses increased to approximately US$24.4 million during the year under review from approximately US$23.7 million in the year 2024, which represented an increase of 3.1%. The increase was attributable to the increase in the average number of employees and the salary adjustment for certain employees. The Group's remuneration were determined based 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.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SHARES

Save in respect of the shares issued by the Company pursuant to its share option scheme, there was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER

For the year ended 31 December 2025, 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 effective for the year ended 31 December 2025 ("Appendix C1"). To maintain high standards of corporate governance, the Company has adopted the recommended best practices in Appendix C1 where appropriate.

The Company has its own written guidelines on securities transactions by Directors and relevant employees on no less exacting terms than the required standard set out in the Model Code contained 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 year ended 31 December 2025.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards in Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Company's auditors on the preliminary announcement.

FINAL DIVIDEND

The Board of the Company does not recommend the payment of a final dividend.

PUBLICATION OF FINAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITE

All the annual financial and other related information of the Company required by the Listing Rules has been published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.solomon-systech.com) on 19 March 2026.

DEFINITIONS AND GLOSSARY

AMEPD	Active Matrix Electrophoretic Display
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
HK$/HKD	Hong Kong dollars
HKAS	Hong Kong Accounting Standards
Hong Kong/HK/HKSAR	Hong Kong Special Administrative Region of the PRC
IC	Integrated Circuit
LCD	Liquid Crystal Display
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Mainland China	The People's Republic of China, for the purpose of this announcement, excludes Hong Kong and Macau Special Administrative Regions and Taiwan
MIPI	Mobile Industry Processor Interface
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
OLED	Organic Light Emitting Diode
PMOLED	Passive Matrix Organic Light Emitting Diode
R&D	Research and development
S&D	Selling and distribution
Stock Exchange	The Stock Exchange of Hong Kong Limited
TDDI	Touch and Display Driver Integration
TFT	Thin Film Transistor
UK	United Kingdom
USA	United States of America
US$/USD	US dollars

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

Hong Kong, 19 March 2026

As at the date of this announcement, the Board comprises: (a) Executive Director – 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.

* *Data excludes the testing center in Mainland China*