



**SOLOMON
SYSTECH**
晶門科技

SOLOMON SYSTECH

Interim Report

中期報告

2014

Solomon Systech (International) Limited

HKSE 股份編號: 2878

solutions in silicon

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FINANCIAL HIGHLIGHTS

財務摘要

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2014 US\$ million 百萬美元	2013 US\$ million 百萬美元
Sales	銷售額	27.3	31.1
Gross profit	毛利	9.3	12.8
Gross margin (%)	毛利率(%)	34.3	41.0
Net profit/(loss)	純利/(虧損淨額)	(1.5)	0.8
Earnings/(loss) per share (US cent)	每股溢利/(虧損)(美仙)	(0.06)	0.03
Book-to-bill ratio	訂單出貨比率	1.1	0.8

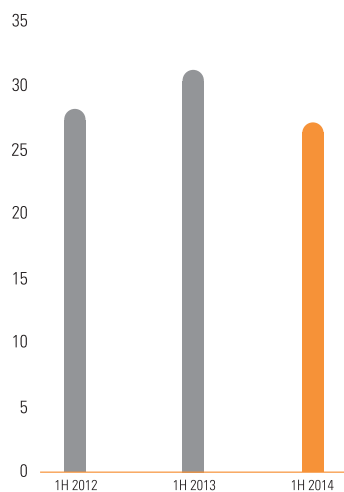
		Unaudited 未經審核	Audited 經審核
		30 June 6月30日	31 December 12月31日
		2014 US\$ million 百萬美元	2013 US\$ million 百萬美元
Total assets	總資產	129.1	129.0
Shareholders' funds	股東權益	116.4	117.8

- Sales decreased by around 12% to US\$27.3 million
- Gross profit reduced by about 27% to US\$9.3 million
- Gross margin was 34.3% (1H 2013: 41.0%), down 6.7 percentage points because of a provision of US\$2.0 million on slow moving inventory
- Net loss was US\$1.5 million (1H 2013 net profit: US\$0.8 million)
- Loss per share was 0.06 US cent (0.46 HK cent)
- Book-to-bill ratio was 1.1
- 銷售額下降約12%至27.3百萬美元
- 毛利減少約27%至9.3百萬美元
- 計入滯銷存貨撥備2.0百萬美元，毛利率因而減少6.7個百分點至34.3%(2013上半年：41.0%)
- 虧損淨額為1.5百萬美元(2013上半年純利：0.8百萬美元)
- 每股虧損為0.06美仙(0.46港仙)
- 訂單出貨比率為1.1

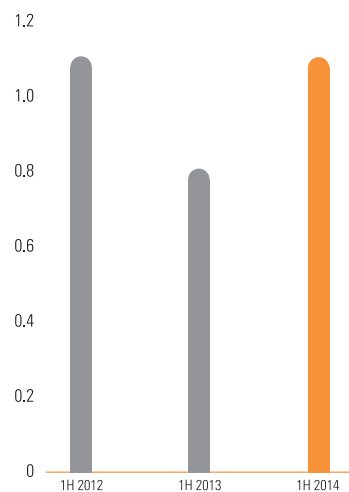
FINANCIAL HIGHLIGHTS (continued)

財務摘要(續)

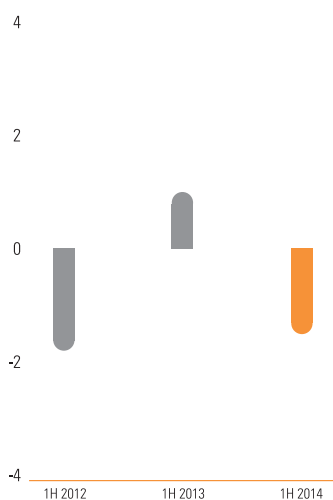
Sales (US\$m)
銷售額 (百萬美元)



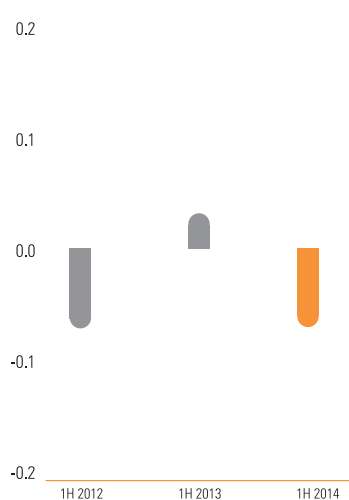
Book-to-Bill Ratio
訂單出貨比率



Net Profit / Loss (US\$m)
純利/虧損淨額 (百萬美元)



Earnings / Loss Per Share (US cent)
每股溢利/虧損 (美仙)



Note:

All the numbers presented in the charts are unaudited.

Interim Dividend

The Directors of Solomon Systech (International) Limited resolved not to declare an interim dividend for the six months ended 30 June 2014.

Interim Results

The Directors are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period as follows.

附註：

圖表列示的所有數字均未經審核。

中期股息

Solomon Systech (International) Limited 的董事決議不宣派截至2014年6月30日止6個月的中期股息。

中期業績

董事欣然宣佈，本公司及其附屬公司(統稱「本集團」)截至2014年6月30日止6個月的未經審核簡明綜合中期業績連同上年度同期的比較數字列載如下。

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

簡明綜合中期損益表

For the six months ended 30 June 2014
截至2014年6月30日止6個月

				Unaudited 未經審核 Six months ended 30 June 6月30日止6個月		
		Note 附註	2014 US\$'000 千美元	2013 US\$'000 千美元		
Sales	銷售額	6	27,250	31,142		
Cost of sales	銷售成本	7	(17,908)	(18,363)		
Gross profit	毛利		9,342	12,779		
Research and development costs	研究及開發成本	7	(7,501)	(6,755)		
Selling and distribution expenses	銷售及分銷開支	7	(1,579)	(1,645)		
Administrative expenses	行政開支	7	(3,857)	(4,061)		
Other income	其他收入		-	448		
Finance income/(loss) – net	投資收入/(虧損) – 淨額	8	(3,595) 2,077	766 (572)		
Share of results of associated companies	應佔聯營公司盈虧		(1,518) 77	194 31		
Profit/(loss) before income tax	除稅前溢利/(虧損)		(1,441)	225		
Income tax credit/(expenses)	所得稅收入/(支出)	9	(24)	597		
Profit/(loss) attributable to the equity holders of the Company	本公司權益持有人應佔溢利/(虧損)		(1,465)	822		
Earnings/(loss) per share attributable to the equity holders of the Company: (expressed in US cent per share)	本公司權益持有人應佔的每股溢利/(虧損): (以美仙, 每股呈列)	10				
– Basic	– 基本		(0.06)	0.03		
– Diluted	– 攤薄		(0.06)	0.03		
Dividend	股息	11	-	-		

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

第8至24頁的附註為本簡明綜合中期財務資料的組成部份。

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

簡明綜合中期全面收入報表

For the six months ended 30 June 2014
截至2014年6月30日止6個月

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Profit/(loss) for the period	期內溢利/(虧損)	(1,465)	822
Other comprehensive loss for the period:	期內其他全面虧損：		
Item that may be reclassified to profit or loss	可能會重新分類至損益的項目		
– Currency translation differences	– 外幣換算差額	(60)	(49)
Total comprehensive income/(loss) attributable to the equity holders of the Company	本公司權益持有人應佔全面收入/(虧損)總計	(1,525)	773

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

簡明綜合中期資產負債表

As at 30 June 2014
於2014年6月30日

	Note 附註	Unaudited 未經審核 30 June 於6月30日 2014 US\$' 000 千美元	Audited 經審核 31 December 於12月31日 2013 US\$' 000 千美元
ASSETS			
Non-current assets			
Intangible assets		95	163
Property, plant and equipment		2,857	3,078
Investments in associated companies		786	709
Available-for-sale financial assets		2,206	2,206
Bank deposits		9,836	9,836
		15,780	15,992
Current assets			
Inventories		6,759	7,849
Trade and other receivables	12	12,338	10,875
Financial assets at fair value through profit or loss		69,660	71,087
Pledged bank deposits		130	130
Short-term fixed deposits		2,516	10,846
Cash and cash equivalents		21,870	12,181
		113,273	112,968
Total assets		129,053	128,960
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	31,730	31,720
Reserves			
Own shares held		(89)	(89)
Others		84,807	86,204
Total equity		116,448	117,835
LIABILITIES			
Non-current liabilities			
Bank loan		343	402
		343	402
Current liabilities			
Obligations under finance leases		1	2
Trade and other payables	14	11,239	9,684
Bank loan		92	95
Deferred income		388	400
Income tax		542	542
		12,262	10,723
Total liabilities		12,605	11,125
Total equity and liabilities		129,053	128,960
Net current assets		101,011	102,245
Total assets less current liabilities		116,791	118,237

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

第8至24頁的附註為本簡明綜合中期財務資料的組成部份。

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

簡明綜合中期權益變動表

For the six months ended 30 June 2014
截至2014年6月30日止6個月

		Unaudited 未經審核 Attributable to the equity holders of the Company 本公司權益持有人應佔								
		Share capital 股本	Share premium 股份溢價	Own shares held 所持本身股份	Merger reserve 合併儲備	Exchange reserve 匯兌儲備	Equity compensation reserve 股本權益 報酬儲備	Other reserve 其他儲備	Accumulated losses 累計虧損	Total equity 總權益
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2013	於2013年1月1日	31,658	83,058	(122)	2,082	1,012	16,502	230	(18,471)	115,949
Comprehensive income/(loss)	全面收入/(虧損)									
Profit for the period	期內溢利	-	-	-	-	-	-	-	822	822
Item that may be classified to profit or loss	可能會重新分類 至損益的項目									
- Currency translation differences	- 外幣換算差額	-	-	-	-	(49)	-	-	-	(49)
Total comprehensive income/(loss)	全面收入/(虧損) 總計	-	-	-	-	(49)	-	-	822	773
Transactions with owners	股東交易									
Exercise of share options	行使購股權	31	20	-	-	-	-	-	-	51
Equity compensation	股本權益報酬	-	-	-	-	-	54	-	-	54
Total transactions with owners	股東交易總計	31	20	-	-	-	54	-	-	105
At 30 June 2013	於2013年6月30日	31,689	83,078	(122)	2,082	963	16,556	230	(17,649)	116,827
At 1 January 2014	於2014年1月1日	31,720	83,097	(89)	2,082	1,375	16,654	230	(17,234)	117,835
Comprehensive loss	全面虧損									
Loss for the period	期內虧損	-	-	-	-	-	-	-	(1,465)	(1,465)
Item that may be classified to profit or loss	可能會重新分類 至損益的項目									
- Currency translation differences	- 外幣換算差額	-	-	-	-	(60)	-	-	-	(60)
Total comprehensive loss	全面虧損總計	-	-	-	-	(60)	-	-	(1,465)	(1,525)
Transactions with owners	股東交易									
Exercise of share options	行使購股權	10	12	-	-	-	-	-	-	22
Equity compensation	股本權益報酬	-	-	-	-	-	116	-	-	116
Total transactions with owners	股東交易總計	10	12	-	-	-	116	-	-	138
At 30 June 2014	於2014年6月30日	31,730	83,109	(89)	2,082	1,315	16,770	230	(18,699)	116,448

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

第8至24頁的附註為本簡明綜合中期財務資料的組成部份。

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

簡明綜合中期現金流量表

For the six months ended 30 June 2014
截至2014年6月30日止6個月

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2014 US\$' 000 千美元	2013 US\$' 000 千美元
Operating activities	經營活動		
Cash used in operations	經營使用的現金	(1,730)	(2,449)
Overseas income tax paid	繳付海外所得稅	(24)	(1)
Interest paid on the bank loan	繳付銀行貸款之利息	(4)	(5)
Net cash used in operating activities	經營活動使用的現金淨額	(1,758)	(2,455)
Investing activities	投資活動		
Purchases of property, plant and equipment	購置物業、機器及設備	(268)	(162)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備	3	463
Decrease/(increase) in financial assets at fair value through profit or loss	通過損益以反映公平價值的財務資產減少/(增加)	2,004	(738)
Decrease/(increase) in short-term fixed deposits	短期定期存款減少/(增加)	8,330	(5,805)
Interest received	已收利息	917	1,195
Dividend received	已收股息	503	188
Net cash generated from/(used in) investing activities	投資活動產生/(使用)的現金淨額	11,489	(4,859)
Financing activities	融資活動		
Payment of capital element of finance leases	支付融資租賃資本部份的款項	(1)	(2)
Repayment of bank loan	償還銀行貸款	(62)	(47)
Proceeds from exercise of share options	購股權獲行使所得款	22	51
Net cash generated from/(used in) financing activities	融資活動產生/(使用)的現金淨額	(41)	2
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物淨增加/(減少)	9,690	(7,312)
Exchange differences on cash and cash equivalents	現金及現金等價物匯兌差額	(1)	(43)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物	12,181	36,816
Cash and cash equivalents at 30 June	於6月30日的現金及現金等價物	21,870	29,461
Analysis of balances of cash and cash equivalents: – Bank balances and cash	現金及現金等價物之結餘分析： – 銀行結餘及現金	21,870	29,461

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

第8至24頁的附註為本簡明綜合中期財務資料的組成部份。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

簡明綜合中期財務資料附註

1. General information

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

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

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

This condensed consolidated interim financial information has been reviewed but not audited, and it was approved for issue on 18 August 2014.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2014 of the Group has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the Company's annual report for the year ended 31 December 2013, which was prepared in accordance with Hong Kong Financial Reporting Standards.

1. 一般資料

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

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

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

本簡明綜合中期財務資料乃經審閱但未經審核，並於2014年8月18日獲批准刊發。

2. 編製基準

本集團截至2014年6月30日止6個月的簡明綜合中期財務資料已根據香港會計準則第34號「中期財務報告」編製。本簡明綜合中期財務資料應與已按照香港財務報告準則編製的本公司截至2013年12月31日止年度的年報一併閱讀。

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2013, as described in those annual consolidated financial statements.

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

(a) Amendments to standards and interpretation to existing standard effective in 2014

The Group has adopted the following amendments to standards and interpretation to existing standard that have been issued and are effective for the Group's financial year commencing on 1 January 2014:

HKAS 32 (Amendment)

— Financial Instruments Presentation:
Assets and Liabilities Offsetting

HKAS 36 (Amendment)

— Impairment of Assets: Recoverable Amount Disclosures

HKAS 39 (Amendment)

— Financial Instruments: Recognition and
Measurement (novation of derivatives)

HKFRS 10, 12 and HKAS 27 (Amendment)

— Consolidation for Investment Entities

HK(IFRIC) – Interpretation 21

— Levies

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

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

3. 會計政策

除下述列載外，期內所採用之會計政策與截至2013年12月31日止年度之綜合財務報表一致，並刊載於該等年度綜合財務報表中。

應計的中期所得稅是根據預期全年度總溢利適用稅率而計算。

(a) 於2014年生效的修正準則及對現有準則之詮釋

本集團已採納下列於2014年1月1日開始的本集團財政年度已頒佈及生效之修正準則及現有準則的詮釋：

香港會計準則第32號(修正)

— 金融工具呈報：資產及負債的對銷

香港會計準則第36號(修正)

— 資產減值：可回收金額的披露

香港會計準則第39號(修正)

— 金融工具：確認及計量(衍生工具的替代)

香港財務報告準則第10號、第12號及香港會計準則第27號(修正)

— 投資主體的合併

香港(國際財務報告準則詮釋委員會) – 解釋公告21號

— 徵費

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

3. Accounting policies (continued)

(b) New standards and amendments to standards that are issued but effective for periods commencing after 1 January 2014

The following new and amendments to standards have been issued, but not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

3. 會計政策(續)

(b) 已頒佈但於2014年1月1日年度開始後生效新準則及修正準則

下列新準則和修正準則已頒佈，但於2014年1月1日開始的財政年度尚未生效，且本集團並無提前採納：

		Effective for annual periods beginning on or after 開始於或之後的年度期間生效
HKAS 19 (Amendment)	香港會計準則第19號(修正)	1 July 2014
– Employee Benefits: Defined Benefit Plans	– 員工福利：設定受益計劃	2014年7月1日
Annual Improvements 2012 and 2013	2012及2013年之年度改進	1 July 2014
– Improvements to HKASs and HKFRSs for the cycles 2010 to 2012 and 2011 to 2013	– 2010至2012及2011至2013週期對香港會計準則及香港財務報告準則的改進	2014年7月1日
HKFRS 14	香港財務報告準則第14號	1 January 2016
– Regulatory Deferral Accounts	– 法規遞延帳目	2016年1月1日
HKFRS 11 (Amendment)	香港財務報告準則第11號(修正)	1 January 2016
– Accounting for Acquisitions of Interests in Joint Operations	– 收購共同營運體之會計	2016年1月1日
HKAS 16 and HKAS 38 (Amendment)	香港會計準則第16號及第38號之修正	1 January 2016
– Clarification of Acceptable Methods of Depreciation and Amortization	– 闡明可接受之折舊與攤銷方法	2016年1月1日
HKFRS 15	香港財務報告準則第15號	1 January 2017
– Revenue from Contracts with Customers	– 源自與客戶訂定合約之收入	2017年1月1日

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

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

4. Financial risk management and financial instruments

4.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

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

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

4. 財務風險管理及金融工具

4.1 財務風險因素

本集團因其業務須承受各種不同的財務風險：市場風險(包括外匯風險和價格風險)、信貸風險、流動資金風險和現金流量及公平值利率風險。自年終至此，沒有風險管理政策上的改變。

本簡明綜合中期財務資料並未包括所有財務風險管理資料及於年度財務報表必須之披露，並應與本集團截至2013年12月31日止年度之綜合財務報表一併閱讀。

4.2 流動資金風險

與年終比較，財務負債之具合約性未貼現的現金流出沒有重大的改變。

4.3 公平值估計

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

4. Financial risk management and financial instruments (continued)

4.3 Fair value estimation (continued)

The following table presents the Group's financial assets that were measured at fair value by valuation method:

		Unaudited 未經審核 30 June 2014 2014年6月30日			Audited 經審核 31 December 2013 2013年12月31日		
		Level 1 第1層級 US\$'000 千美元	Level 2 第2層級 US\$'000 千美元	Total 總計 US\$'000 千美元	Level 1 第1層級 US\$'000 千美元	Level 2 第2層級 US\$'000 千美元	Total 總計 US\$'000 千美元
Unlisted	非上市						
Deposit notes	存款票據	–	5,225	5,225	–	8,821	8,821
Derivative financial instruments	衍生金融工具	–	–	–	–	200	200
Marketable bonds	可買賣債券	24,190	–	24,190	27,143	–	27,143
Marketable funds	可買賣基金	19,812	–	19,812	16,627	–	16,627
Listed	上市						
Equity securities	股票	20,373	–	20,373	18,235	–	18,235
Fund	基金	60	–	60	61	–	61
		64,435	5,225	69,660	62,066	9,021	71,087

There were no transfers between Levels 1 and 2 during the period.

There were no other changes in valuation techniques during the period.

4.4 Valuation techniques for deriving Level 1 and 2 fair values

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

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

4. 財務風險管理及金融工具(續)

4.3 公平值估計(續)

本集團以估值方法作公平值計量之財務資產列載如下：

期內沒有第1和第2層級之間的轉移。

期內沒有轉變估值方法。

4.4 應用於第1與第2層級公平值的估值方法

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

第2層級的財務資產包括存款票據及遠期外匯合約。

4. Financial risk management and financial instruments (continued)

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

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

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

4.5 Valuation process

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

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

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

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

4. 財務風險管理及金融工具(續)

4.4 應用於第1與第2層級公平值的估值方法(續)

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

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

4.5 估算程序

本集團採納應用先進估值方法之有信譽的金融機構為金融工具提供的公平值。

4.6 以攤銷成本披露的財務資產及負債之公平值

以下財務資產及負債的公平值與其賬面值接近：

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

5. Critical accounting estimates and judgements

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

6. Segment information

The Group has principally engaged in the design, development and sales of proprietary IC products and system solutions that enabled a wide range of display applications for smartphones, smart TVs and other smart devices including consumer electronics products, portable devices, industrial appliances and green energy applications.

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 Group CEO (Managing Director). The Executive Directors and senior management reviewed the Group's internal reporting to assess performance and allocate resources. A management approach has been used for the operating segment reporting.

5. 關鍵會計估算及判斷

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

編製本簡明綜合中期財務資料時，管理層需要對運用本集團的會計政策作出的重要判斷及關鍵不確定的估算資料來源與本公司截至2013年12月31日止年度的綜合財務報表一致。

6. 分部資料

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

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

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

6. Segment information (continued)

(a) Sales

Sales amounted to US\$27,250,000 and US\$31,142,000 for the six months ended 30 June 2014 and 2013 respectively.

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

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2014 US\$' 000 千美元	2013 US\$' 000 千美元
Europe	歐洲	6,274	4,540
China	中國	5,239	7,904
Hong Kong	香港	4,539	8,216
Taiwan	台灣	4,010	4,669
Korea	韓國	3,281	2,102
South East Asia	東南亞	1,821	2,221
Japan	日本	1,207	1,168
USA	美國	564	244
Others	其他	315	78
		27,250	31,142

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

銷售額按客戶所在地區/國家分類。

(b) Total assets

		Unaudited 未經審核 30 June 6月30日 2014 US\$' 000 千美元	Audited 經審核 31 December 12月31日 2013 US\$' 000 千美元
Hong Kong	香港	103,754	105,046
China	中國	19,731	18,520
Taiwan	台灣	5,039	4,857
South East Asia	東南亞	440	484
Others	其他	89	53
		129,053	128,960

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

資產是根據資產的所在地予以列載。其他包括日本及美國。

6. 分部資料(續)

(a) 銷售額

截至2014年及2013年6月30日止6個月，銷售額分別為27,250,000美元及31,142,000美元。

本公司的所在地位於香港。本集團主要於香港經營其業務。於回顧期內，本集團之產品主要銷售予位於歐洲、中國及香港的客戶。

(b) 總資產

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

6. Segment information (continued)

6. 分部資料(續)

(c) Capital expenditures

(c) 資本開支

		Property, plant and equipment 物業、機器及設備	
		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Hong Kong	香港	126	39
China	中國	120	87
Others	其他	22	36
		268	162

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

資本開支是根據資產的所在地予以列載。

7. Expenses by nature

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

7. 按性質分類的開支

包括在銷售成本、研究及開發成本、銷售及分銷開支和行政開支內的開支分析如下：

		Unaudited 未經審核	
		Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Cost of inventories sold	售出存貨成本	15,330	18,104
Product engineering costs	產品工程成本	1,131	978
Provision for/(written-back of provision for) obsolete or slow moving inventories	過時或滯銷存貨的撥備/(回撥)	2,023	(251)
Amortization of the intangible assets	攤銷無形資產	17	-
Depreciation of owned property, plant and equipment	自置物業、機器及設備的折舊	429	802
Depreciation of leased property, plant and equipment	租賃物業、機器及設備的折舊	1	1
Operating leases for land and buildings	土地及樓宇的經營租賃	519	519
Employee benefit expenses (including Directors' emoluments):	僱員福利開支 (包括董事酬金):		
- Equity compensation	- 股本權益報酬	116	54
- Non-equity compensation	- 非股本權益報酬	9,243	8,502
Net exchange (gain)/loss	淨匯兌(收益)/虧損	(229)	44

8. Finance income/loss – net

8. 投資收入／虧損－淨額

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Gain on disposal of FVTPL	出售FVTPL的收益	109	189
Interest income	利息收入	996	1,283
Dividend income	股息收入	503	188
Net unrealizable gain or loss from FVTPL:	FVTPL未變現的淨收益或虧損：		
– Fair value gain of financial assets	– 財務資產的公平值收益	1,386	91
– Fair value loss of financial assets	– 財務資產的公平值虧損	(918)	(2,211)
– Fair value loss of financial liabilities	– 財務負債的公平值虧損	–	(110)
Interest expense of bank loan	銀行貸款的利息支出	(4)	(5)
Others	其他	5	3
		2,077	(572)

9. Income tax

Hong Kong income tax has been provided at the rate of 16.5% (2013: 16.5%) while overseas income tax has been provided at the rates of taxation prevailing in the countries in which the Group operates. No provision for Hong Kong income tax has been made as the Group has no estimated assessable profits for the six months ended 30 June 2014 and 2013.

9. 所得稅

香港所得稅已根據稅率16.5%(2013: 16.5%)計算，而海外所得稅則根據本集團的營運所在國家之適用稅率計算，本集團因截至2014年及2013年6月30日止6個月並無估計應課稅溢利而毋須作香港所得稅撥備。

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Current income tax:	本期所得稅：		
– Hong Kong	– 香港	–	–
– Overseas	– 海外	24	1
Write-back of income tax provision in prior years	以往年度估算所得稅的回撥	–	(548)
Deferred income tax	遞延所得稅	–	(50)
Income tax (credit)/expenses	所得稅(收入)／支出	24	(597)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

10. Earnings/loss per share

(a) Basic earnings/loss per share

The basic earnings/loss per share is calculated based on the Group's profit/loss for the period attributable to the equity holders of the Company and the weighted average number of 2,459,623,162 (1H 2013: 2,455,183,693) ordinary shares in issue excluding own shares held during the periods.

The Group's loss for the period attributable to the equity holders of the Company was US\$1,465,000 (1H 2013 profit: US\$822,000).

(b) Diluted earnings/loss per share

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

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

		Number of shares 股份數目	
		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2014	2013
Weighted average number of ordinary shares in issue	已發行加權平均普通股股數	2,459,623,162	2,455,183,693
Allocated own shares held under Share Award Scheme	根據股份獎勵計劃，已分配所持本身股份	-	2,679,889
Conversion of all dilutive share options outstanding	兌換所有可予發行具攤薄影響的流通購股權	-	3,571,857
Adjusted weighted average number of ordinary shares for diluted earnings/loss per share calculation	用作計算每股攤薄溢利/虧損的調整後平均普通股股數	2,459,623,162	2,461,435,439

As at 30 June 2014, there were 16,800,000 share options outstanding and 3,082,000 allocated own shares held which could potentially have a dilutive impact but were anti-dilutive for the period then ended. Hence, there was no dilutive effect on the calculation of the diluted loss per share for the six months ended 30 June 2014.

10. 每股溢利/虧損

(a) 每股基本溢利/虧損

每股基本溢利/虧損是根據本公司的權益持有人應佔本集團之溢利/虧損及本期內已發行普通股(不包括所持本身股份)加權平均數2,459,623,162股(2013上半年: 2,455,183,693股)計算。

本公司的權益持有人期內應佔本集團之虧損為1,465,000美元(2013上半年溢利: 822,000美元)。

(b) 每股攤薄溢利/虧損

每股攤薄溢利/虧損乃根據本公司的權益持有人應佔本集團之溢利/虧損及已就期內所有具攤薄影響的潛在普通股(包括已獲分配但除卻未獲分配之所持本身股份)作出調整後之已發行加權平均普通股數計算。

加權平均普通股股數的有關資料列載如下:

於2014年6月30日，可予發行具攤薄影響的購股權及已獲分配之所持本身股份分別為16,800,000股及3,082,000股。該等股份本具有攤薄影響，但於計算每股攤薄虧損則產生反攤薄影響。因此，並無對2014年6月30日止該期內的每股攤薄虧損造成攤薄影響。

11. Dividend

No dividend for the year ended 31 December 2013 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 2014.

12. Trade and other receivables

			Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Trade receivables	應收款		8,072	7,007
Trade receivables from a related party	關聯方應收款	17	1,645	1,271
Total trade receivables	應收款總計		9,717	8,278
Deposits, prepayments and other receivables	訂金、預付款及其他應收款		2,557	2,436
Prepayment to a related party	關聯方預付款	17	64	161
			12,338	10,875

As at 30 June 2014, the Group's trade receivables from corporate customers were mainly on credit terms of 30 to 90 days. The ageing analysis of trade receivables not impaired based on overdue days is as follows:

			Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Current	即期		7,820	6,203
1 - 30 days	1 - 30日		1,540	1,563
31 - 60 days	31 - 60日		271	369
61 - 90 days	61 - 90日		86	93
Over 90 days	超過90日		-	50
			1,897	2,075
			9,717	8,278

As at 30 June 2014, trade receivables of US\$1,897,000 (31 December 2013: US\$2,075,000) were considered past due if measured strictly against the credit terms offered. All the overdue sum was not impaired since most of the overdue sum has been settled after the balance sheet date.

As at 30 June 2014 and 31 December 2013, no trade receivables were impaired and provided for.

11. 股息

本公司並沒有宣派或派付截至2013年12月31日止年度之股息。董事會亦決議不宣派截至2014年6月30日止6個月的中期股息。

12. 應收款及其他應收款

於2014年6月30日，本集團對企業公司客戶之應收款信貸期主要為30日至90日。不含減值撥備的應收款以過期日起的賬齡分析如下：

於2014年6月30日，若嚴謹地以所給予的信貸期計算，逾期之應收款為1,897,000美元(2013年12月31日：2,075,000美元)。因多數逾期未收之款項於結算日後已收訖，全部該等逾期未收之款項並未作減值。

於2014年6月30日及2013年12月31日，並沒有應收款被減值或撥備。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

13. Share capital

13. 股本

		Unaudited 未經審核 2014		Audited 經審核 2013	
		Number of shares 股份數目	US\$' 000 千美元	Number of shares 股份數目	US\$' 000 千美元
Authorized:	法定：				
– Ordinary shares of HK\$0.10 each	– 每股面值0.10港元的普通股	5,000,000,000	64,433	5,000,000,000	64,433
Issued and fully paid:	已發行及繳足：				
– At 1 January	– 於1月1日	2,461,102,351	31,720	2,456,302,351	31,658
– Exercise of share options	– 行使購股權	800,000	10	4,800,000	62
At 30 June 2014 and 31 December 2013	於2014年6月30日及 2013年12月31日	2,461,902,351	31,730	2,461,102,351	31,720

14. Trade and other payables

14. 應付款及其他應付款

		Note 附註	Unaudited 未經審核 30 June 6月30日 2014 US\$' 000 千美元	Audited 經審核 31 December 12月31日 2013 US\$' 000 千美元
Trade payables	應付款		7,679	5,694
Trade payables to a related party	關聯方應付款	17	33	–
Total trade payables	應付款總計		7,712	5,694
Accrued expenses and other payables	應計開支及其他應付款		3,527	3,990
			11,239	9,684

At 30 June 2014, the ageing analysis of trade payables based on overdue days is as follows:

於2014年6月30日，應付款以逾期日期的賬齡分析如下：

		Unaudited 未經審核 30 June 6月30日 2014 US\$' 000 千美元	Audited 經審核 31 December 12月31日 2013 US\$' 000 千美元
Current	即期	7,078	4,091
1 - 30 days	1 - 30日	400	1,375
31 - 60 days	31 - 60日	143	135
61 - 90 days	61 - 90日	–	28
Over 90 days	超過90日	91	65
		7,712	5,694

15. Equity compensation scheme

(a) The Share Option Scheme

The Company adopted a share option scheme at the annual general meeting held on 28 May 2013 (“2013 Share Option Scheme”) and at the same time terminated the old share option scheme (“Old Scheme”) which would expire in February 2014. Upon termination, no further options under the Old Scheme had been offered but in all other respects the provision of the same shall remain in force and the options granted prior to such termination shall continue to be valid and exercisable in accordance with the same.

The terms of the 2013 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The 2013 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2013, being the date of adoption of such scheme by the shareholders of the Company.

As at 30 June 2014, there are in total 16,800,000 valid share options outstanding, of which 10,400,000 share options are under the Old Scheme and the other 6,400,000 share options are under the 2013 Share Option Scheme.

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

Grant date 授出日期	Exercise price per share HK\$ 每股行使價 港元	Unaudited 未經審核 Number of share options (in thousand units) 購股權數目(以千位計)			Expiry date 到期日
		Held on 1 January 2014 於 2014 年 1 月 1 日持有	Exercised 已行使	Held on 30 June 2014 於 2014 年 6 月 30 日持有	
Old Scheme 舊計劃					
30 September 2011 2011 年 9 月 30 日	0.1634	4,800	—	4,800	30 September 2014 2014 年 9 月 30 日
28 September 2012 2012 年 9 月 28 日	0.2126	6,400	(800)	5,600	30 September 2015 2015 年 9 月 30 日
		11,200	(800)	10,400	
2013 Share Option Scheme 2013 購股權計劃					
4 October 2013 2013 年 10 月 4 日	0.3450	6,400	—	6,400	30 September 2016 2016 年 9 月 30 日
Total 總計		17,600	(800)	16,800	

The Company has been using the Black-Scholes Valuation Model to value the share options granted. No share options were granted during the six months ended 30 June 2014.

15. 股本權益報酬計劃

(a) 購股權計劃

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃(「2013購股權計劃」)及同時撤銷原於2014年2月失效的原有購股權計劃(「舊計劃」)。舊計劃撤銷後不得進一步提呈更多購股權，惟同樣條文將於所有其他方面繼續有效執行，及按照同樣情況在該等終止前已授出的購股權將繼續有效及可行使。

2013購股權計劃的條款是遵照上市規則第17章的條文。2013購股權計劃由2013年5月28日(即本公司股東採納該購股權計劃之日)起生效，為期10年。

於2014年6月30日，合共有16,800,000股有效購股權未經行使，其中10,400,000股購股權屬於舊計劃，另6,400,000股購股權屬於2013購股權計劃。

期內，關於兩個購股權計劃尚未行使購股權數目的變動及其有關行使價列載如下：

本公司利用布萊克—蘇科爾購股權訂價模式計算已授出的購股權。截至2014年6月30日止6個月，未有任何購股權授出。

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

15. Equity compensation scheme (continued)

(b) Share Award Plan

The Share Award Plan was adopted by the Company at an extraordinary general meeting held on 25 February 2004 and a meeting of the Board on 19 March 2004.

Under the terms and conditions of the grant, 40% of the shares conditionally offered will be vested 1 year from the grant date and the remaining 60% will be vested 2 years from the grant date. HSBC Institutional Trust Services (Asia) Limited ("Trustee") has been the trustee to hold shares for the benefit of the Directors and employees.

At 30 June 2014, the number of shares allocated but remained unvested under the Trustee for Directors and employees of the Group was 3,082,000 while the total number of shares held by the Trustee was 1,819,520. Since the Share Award Plan has been valid for a period of 10 years and expired in March 2014, there was no share of the Company conditionally awarded to employees of the Group pursuant to Share Award Plan for the six months ended 30 June 2014. The shares granted prior to the expiry date shall continue to vest in accordance with the same.

Shares held by the Trustee under the Share Award Plan are listed below:

		Unaudited 未經審核 Number of shares 股份數目	
		2014	2013
At 1 January	於1月1日	1,819,520	1,443,520
Shares vested during the period	於期內歸屬的股份	—	—
At 30 June	於6月30日	1,819,520	1,443,520

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

15. 股本權益報酬計劃(續)

(b) 股份獎勵計劃

股份獎勵計劃於2004年2月25日舉行的股東特別大會獲本公司及於2004年3月19日獲董事會採納。

根據股份授予受益人的條款及條件，40%股份將於附條件授出日期後一年歸屬，而餘下60%則於授出日期後兩年歸屬。HSBC Institutional Trust Services (Asia) Limited(「受託人」)以受託人身份為董事及僱員等受益人持有授出股份。

於2014年6月30日，已授予本集團的董事及僱員但仍未歸屬的股份為3,082,000股，而受託人持有的全部受託股份為1,819,520股。由於股份獎勵計劃已經維持10年須於2014年3月失效，故此截至2014年6月30日止6個月並無任何股份依據股份獎勵計劃向本集團僱員附條件授予。在有效期前已授出的股份將按照同樣情況繼續歸屬。

受託人所持有的股份獎勵計劃內之股份如下：

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

16. Commitments

(a) Capital commitments

Capital expenditure committed at the balance sheet date is as follows:

		Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Approved but not contracted for	已批准但未商定合約	—	—
Contracted but not provided for	已商定合約但未撥備	16	16

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

(b) Operating lease commitments – the Group as lessee

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

		Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Not later than 1 year	不超過一年	1,020	891
Later than 1 year and not later than 5 years	超過一年，但不超過五年	235	444
		1,255	1,335

16. 承擔

(a) 資本承擔

於結算日，已承諾的資本開支列載如下：

	Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Approved but not contracted for	—	—
Contracted but not provided for	16	16

除上述已披露外，本集團概無其他重大資本承擔或或然負債。

(b) 經營租賃承擔 – 本集團為承租人

根據不可撤銷經營租賃，未來最低租賃總額列載如下：

	Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Not later than 1 year	1,020	891
Later than 1 year and not later than 5 years	235	444
	1,255	1,335

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

簡明綜合中期財務資料附註(續)

17. Related party transactions

The Company understands that China Electronics Corporation, a state-owned information technology conglomerate under the administration of the central government of the PRC, owns approximately 28.7% of the issued shares of the Company during the period and is thus a substantial shareholder of the Company. Transactions between the Group and the subsidiaries or associates of CEC are regarded as transactions with related parties.

The following transactions were carried out with related parties:

17. 關聯方交易

本公司知悉中國電子信息產業集團有限公司是直接隸屬於中國中央政府管理的國有電子信息技術企業集團，於期內擁有約28.7%本公司之發行股份，乃本公司之主要股東。本集團與CEC的附屬公司或其聯繫人的交易構成關聯方交易。

以下交易為關聯方之交易：

		Unaudited 未經審核 Six months ended 30 June 6月30日止6個月	
		2014 US\$'000 千美元	2013 US\$'000 千美元
Sales:	銷售：		
Subsidiaries of CEC	CEC的附屬公司	2,872	2,714
Purchases:	購買：		
Subsidiaries of CEC	CEC的附屬公司	47	244

Period-end balances arising from sales/purchases:

由銷售／採購構成的期終帳目：

		Note 附註	Unaudited 未經審核 30 June 6月30日 2014 US\$'000 千美元	Audited 經審核 31 December 12月31日 2013 US\$'000 千美元
Trade receivables:	應收款：	12		
Subsidiary of CEC	CEC的附屬公司		1,645	1,271
Prepayments:	預付款：	12		
Subsidiary of CEC	CEC的附屬公司		64	161
Trade payables:	應付款：	14		
Subsidiary of CEC	CEC的附屬公司		33	—

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

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

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 24, which comprises the interim condensed consolidated balance sheet of Solomon Systech (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2014

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中期財務資料的審閱報告



羅兵咸永道

致 SOLOMON SYSTECH (INTERNATIONAL) LIMITED 董事會

(於開曼群島註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第3至24頁的中期財務資料，此中期財務資料包括Solomon Systech (International) Limited(「貴公司」)及其子公司(合稱「貴集團」)於2014年6月30日的簡明綜合中期資產負債表與截至該日止6個月期間的相關簡明綜合中期損益表、簡明綜合中期全面收入報表、簡明綜合中期權益變動表和簡明綜合中期現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

審閱範圍

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

結論

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

羅兵咸永道會計師事務所

執業會計師

香港，2014年8月18日

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MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Overview

During the period under review, the Group's total sales were US\$27.3 million, representing a reduction of approximately 12% year-on-year and a net loss of US\$1.5 million was incurred.

Sales and Gross Profit

For the six months ended 30 June 2014, total sales of the Group were US\$27.3 million (1H 2013: US\$31.1 million) while its total shipments saw a year-on-year decrease of around 7% to approximately 44.3 million units (1H 2013: 47.8 million units). The reduction in both sales and shipment units were mainly attributable to the volatile demand fluctuations of some of the Group's key customers and market segments, together with the challenging economic and market conditions in the first quarter of the year. Nonetheless, the Group has been extending the application portfolio of its products to increase revenue sources, and also strengthening further its design engineering and marketing capabilities to enhance the quality and speed of new product development. Book-to-bill ratio for the period was 1.1 (1H 2013: 0.8), implying sales backlog would be carried over to the rest of 2014.

Gross profit of the Group was US\$9.3 million (1H 2013: US\$12.8 million). Gross margin was 34.3% (1H 2013: 41.0%), down 6.7 percentage points. Excluding the provision for slow moving inventory of US\$2 million during the period in 2014, the gross margin was about 41.7% which was at a comparable level to 1H 2013.

Costs and Expenses

The Group has remained vigilant in controlling its expenses. The Group's total expenses, including R&D costs, S&D expenses and administrative expenses, were US\$12.9 million (1H 2013: US\$12.5 million).

The Group continued to invest in R&D and business development, and remained selective in its R&D spending. Its R&D costs were US\$7.5 million (1H 2013: US\$6.8 million), up US\$0.7 million.

S&D expenses were kept at US\$1.6 million (1H 2013: US\$1.6 million). S&D expenses to sales ratio was 5.8% (1H 2013: 5.3%).

Administrative expenses were US\$3.9 million, decreased by US\$0.2 million compared with US\$4.1 million in 1H 2013.

財務回顧

概覽

於回顧期內，本集團的總銷售額為27.3百萬美元，較去年同期下降約12%，並錄得虧損淨額1.5百萬美元。

銷售及毛利

截至2014年6月30日止6個月，本集團的總銷售額為27.3百萬美元(2013上半年：31.1百萬美元)，而總付運量則按年減少約7%至約44.3百萬件(2013上半年：47.8百萬件)。銷售額和付運量的減少，主要由於本集團部份主要客戶及個別業務市場的需求波動，加上首季經濟及市場環境充滿挑戰所致。儘管如此，本集團進一步擴大其產品應用組合，以擴闊收入來源，並加強其設計工程及市場推廣方面的能力，提升研發新產品的質素及速度。期內訂單出貨比率為1.1(2013上半年：0.8)，顯示積壓的訂單將會延至2014年內交付。

本集團毛利為9.3百萬美元(2013上半年：12.8百萬美元)，毛利率為34.3%(2013上半年：41.0%)，減少6.7個百分點。撇除於2014上半年的滯銷存貨撥備2百萬美元，毛利率實際約為41.7%，與2013上半年水平相若。

成本及開支

本集團繼續審慎控制開支。本集團的總開支(包括研發成本、銷售及分銷開支和行政開支)為12.9百萬美元(2013上半年：12.5百萬美元)。

本集團繼續投放資金於研發及業務發展，並在選擇研發重點時保持審慎。研發成本為7.5百萬美元(2013上半年：6.8百萬美元)，增加0.7百萬美元。

銷售及分銷開支維持1.6百萬美元(2013上半年：1.6百萬美元)，銷售及分銷開支與銷售額比率為5.8%(2013上半年：5.3%)。

行政開支為3.9百萬美元，比對2013上半年4.1百萬美元減少0.2百萬美元。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

Finance Income/Loss - Net

During the period under review, the Group recorded an interest income of US\$1.0 million and dividends of US\$0.5 million, totaling US\$1.5 million (1H 2013: US\$1.5 million).

Pursuant to mark-to-market prices as at 30 June 2014, a net unrealized gain of US\$0.5 million (1H 2013 net unrealized loss: US\$2.2 million) was recorded from the investment in the FVTPL portfolio at balance sheet date.

As a result, the Group recorded a net gain of US\$2.1 million (1H 2013 net loss: US\$0.6 million) from treasury investment.

Net Profit and Loss

The loss attributable to the equity holders of the Company for the six months ended 30 June 2014 was US\$1.5 million (1H 2013 profit: US\$0.8 million).

The Board resolved not to declare an interim dividend for the six months ended 30 June 2014.

Liquidity and Financial Resources

Total cash and cash equivalents and bank deposits (both current and non-current) of the Group amounted to US\$34.2 million as at 30 June 2014, compared to US\$32.9 million as at 31 December 2013.

Net cash used in operating activities during the period was US\$1.8 million (1H 2013: US\$2.5 million). The cash outflow in operating activities was mainly due to the net loss of US\$3.6 million before finance income and the slightly improved working capital, which comprised net of receivables, inventories and payables.

Regarding the use of cash reserves, the Group will continue to allocate funds for product development, securing production capacity, strengthening its infrastructure in mainland China to broaden its customer base and capture market and sales opportunities, entering into strategic corporate ventures and meeting general corporate operational purposes. As at 30 June 2014, the Group had no major borrowing other than the US\$0.4 million in a mortgage loan for the purchase of an office property in Hsinchu, Taiwan. 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 under review, the Group did not use any derivative instruments to hedge against foreign currency exposure in operation as the Directors considered this exposure to be insignificant.

投資收入／虧損－淨額

於回顧期內，本集團確認利息收入1.0百萬美元及股息0.5百萬美元合共1.5百萬美元(2013上半年：1.5百萬美元)。

於結算日之FVTPL投資組合按2014年6月30日市價作基準估值錄得未變現淨額收益為0.5百萬美元(2013上半年未變現淨額虧損：2.2百萬美元)。

整體結果，本集團於財政庫務投資錄得淨額收益2.1百萬美元(2013上半年淨額虧損：0.6百萬美元)。

盈虧淨額

截至2014年6月30日止6個月之本公司權益持有人應佔虧損為1.5百萬美元(2013上半年溢利：0.8百萬美元)。

董事會決議不宣派截至2014年6月30日止6個月之中期股息。

流動資金及財務資源

於2014年6月30日，本集團的現金及現金等價物和銀行存款(包括流動與非流動)總計為34.2百萬美元，而於2013年12月31日則為32.9百萬美元。

期內經營活動使用的現金淨額為1.8百萬美元(2013上半年：2.5百萬美元)，經營活動現金流出主要由於投資收入前之3.6百萬美元虧損及營運資金(包括應收款、存貨及應付款之淨額)有輕微改善後淨額所致。

有關現金儲備的使用，本集團將繼續主要分配資源於產品開發、提升生產力、加強中國的基建以擴闊客戶基礎及把握市場及銷售商機、進行若干策略性企業投資及用作一般公司營運用途。於2014年6月30日，除了0.4百萬美元作位於台灣新竹之辦公室物業按揭貸款外，本集團並無任何主要借貸。本集團之現金餘額主要投資於各類銀行存款。

本集團的主要應收及應付款均以美元結算。本集團會密切監察外幣兌換率的變動，以確保能夠以有利的兌換率將美元兌換成其他貨幣，支付當地的營運開支。於回顧期內，由於董事會認為本集團的外匯風險不高，因此本集團並無運用任何衍生工具以對沖其營運方面的外匯風險。

Capital Expenditure and Contingent Liabilities

In the 1H of 2014, capital expenditure of the Group was US\$0.3 million (1H 2013: US\$0.2 million), of which the majority was related to the Group's purchase of equipment.

As at 30 June 2014 and 31 December 2013, there was no material capital expenditure approved but not contracted for nor contracted but not provided for.

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

資本開支與或然負債

於2014上半年，資本開支為0.3百萬美元(2013上半年：0.2百萬美元)，當中大部分用於本集團購買設備。

於2014年6月30日及2013年12月31日，本集團並沒有重大的已獲批但未商定合約或已商定合約但未撥備之資本開支。

除前述之外，本集團概無其他重大資本承擔或或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

BUSINESS PERFORMANCE AND OUTLOOK

Business Performance

During the period under review, the Group's total sales were US\$27.3 million, a decrease of approximately 12% from the same period last year, while its total shipments saw a year-on-year decrease of around 7% to approximately 44.3 million units.

The decrease of the Group's unit shipments and sales in the period under review was mainly attributed to the volatile demand fluctuations among some of its key customers and market segments, as well as the challenging economic and market conditions in the first quarter of the year which adversely affected the business performance of industry players.

The unit shipments of the Group in the first quarter of 2014 dropped about 20% year-on-year, following the general economic slowdown. In the second quarter, the global economy started to pick up, and the unit shipments of the Group also increased around 6% year-on-year.

It is noteworthy that the book-to-bill ratio for 1H 2014 was 1.1 (1H 2013: 0.8), indicating that demand outpaced supply. In addition, the Group has been extending its product application portfolio to expand its revenue sources, and also further strengthening its design engineering and marketing capabilities to enhance the quality and speed of new product development to push business growth.

PRODUCT SHIPMENT (BY BUSINESS UNIT)

產品付運量(按業務單元)

Units Shipped (million)	付運量(百萬元)	1H 2014 2014上半年	1H 2013 2013上半年	Change 變動	2013
Mobile Display	移動顯示	6.9	7.9	(13%)	14.2
Mobile System	移動系統	3.2	5.8	(45%)	10.5
Advanced Display	先進顯示	28.9	*28.7	1%	57.5
Large Display	大型顯示	5.3	5.4	(2%)	8.3
Total	總數	44.3	47.8	(7%)	90.5

* Figure aligned based on the regrouping of product lines resulting from operational restructuring

業務回顧及展望

業務回顧

於回顧期內，本集團的總銷售額為27.3百萬美元，較去年同期減少約12%，而總付運量則按年減少約7%至約44.3百萬件。

本集團於回顧期內錄得付運量及銷售額下降，主要由於部分主要客戶及個別業務市場的需求波動；加上首季經濟及市場環境充滿挑戰，影響了行內企業的業務表現。

2014年首季經濟放緩，本集團的付運量亦較去年同期下跌約20%。隨著全球經濟於第二季逐漸復甦，本集團的付運量較去年同期上升約6%。

值得注意的是，2014年上半年的訂單出貨比率為1.1(2013上半年：0.8)，顯示本集團的產品在市場上仍然求過於供。此外，本集團亦進一步擴大其產品應用組合，以擴闊收入來源，並加強其設計工程及市場推廣方面的能力，提升研發新產品的質素及速度，從而推動業務增長。

* 數字已根據因營運重組進行的產品線重新歸類而作出調整

Mobile Display

The Mobile Display business unit provides LCD display driver ICs targeting high volume, high value-added applications, in particular smartphones, industrial and other portable applications.

During the period under review, the Group has made good progress in the development of TFT LCD display driver ICs targeting FHD resolution smartphones. These display driver ICs feature high flexibility to support FHD resolution panels from different panel manufacturers, thereby extending product reach to a wider customer base. The Group has also been collaborating with top-tier customers to develop display driver ICs for in-cell touch panels.

In addition to smartphones, the Group has also scored design-wins for other popular applications, including automotive, printers, GPS, etc., strengthening the product portfolio of the business unit.

The unit shipments of Mobile Display products during the period under review were approximately 6.9 million units (1H 2013: 7.9 million units), declining by around 13% year-on-year. This was mainly attributed to a change in the business plans of a key customer causing a reduction in the shipment of one of the key products. The Group is planning to launch more new products and new technologies to capture the expanding market, and to also extend further the targeted product applications to create more revenue sources.

Mobile System

The Mobile System business unit delivers a wide range of products, including MIPI high speed display interface controller ICs, capacitive touch panel controller ICs, graphic display controller ICs and multimedia processors, targeting system customers for applications spanning smartphones, tablets, projectors, automotive DVRs, IP cameras, etc.

During the period under review, the Group's capacitive touch panel controller IC business has been slow. Facing increasingly intense competition and price erosion, the Group has made investments to further enhance product features and performance, and bolster the capability of its design engineering and marketing teams. The Group believes that these efforts can boost business growth and most importantly, speed up the development and launch of new technologies and higher value-added solutions. These solutions include RPC Full-ITO sensor design, noise robust single layer multi-touch techniques, fast wake-up gesture features, on-cell touch solutions and dual-touch applications, and are intended to set itself apart from competition and capture the growing market.

移動顯示

移動顯示業務單元提供LCD顯示驅動器IC，針對高量及高端增值應用，特別是智能手機、工業及其他便攜式應用。

於回顧期內，本集團於開發應用於全高清智能手機的TFT LCD顯示驅動器IC方面，取得良好進展。此等顯示驅動器IC具高靈活性，可支援由不同面板製造商提供的全高清面板，有助擴大產品覆蓋至更多元化的客戶群。本集團亦與一線的客戶合作，開發針對內嵌式觸摸屏的顯示驅動器IC。

除智能手機，本集團亦贏得其他熱門應用的設計項目，包括汽車、打印機、全球定位系統等，加強業務單元的產品組合。

於回顧期內，移動顯示產品的付運量按年減少約13%至6.9百萬元(2013上半年：7.9百萬元)，主要由於一名主要客戶改變其業務計劃，令其中一項主要產品的付運量減少。本集團計劃推出更多新產品及新技術，以捕捉不斷增長的市場機遇，同時進一步擴大目標產品應用範圍，以開拓更多收入來源。

移動系統

移動系統業務單元提供多種產品，包括MIPI高速顯示器介面控制器IC、電容式觸摸屏控制器IC、圖像顯示控制器IC及多媒體處理器，所有產品均以各項應用的系統客戶為目標，此等應用涵蓋智能手機、平板電腦、投影機、行車數碼影像記錄器、IP相機等。

於回顧期內，本集團的電容式觸摸屏控制器IC業務發展較慢。面對日益加劇的競爭及價格下調，本集團已投放資源進一步提升產品功能及表現，以及加強設計工程及市場推廣團隊的能力。本集團相信，上述策略有助推動業務增長，更重要的是，能夠加快發展及推出新技術與更高增值解決方案，包括RPC Full-ITO感應器設計、抗噪單層多點觸控技術、手勢啟動快速喚醒功能、表嵌式觸控解決方案及雙觸控應用，讓本集團能夠從競爭中脫穎而出，把握不斷增長的市場。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

In addition to smartphones, the Group has started to penetrate into other portable applications, such as smart watches and other wearable devices, in view of their strong potential. During the period under review, the Group's MIPI high speed display interface controller ICs have scored design-wins for a number of smart watches, laying the foundation for future growth. The Group has also continued to develop new display interface controller ICs, including one for extremely high resolution display of WQXGA panels. This innovative solution is currently undergoing evaluation. In addition, the Group has identified other industrial applications, one of which utilizes MIPI high speed display interface controller ICs for high resolution display panel test equipment.

In terms of graphic controllers, the Group has achieved design-wins for applications including IP cameras, car DVRs, and also smartphones and tablets for educational use targeting developing countries.

The total unit shipments of the Mobile System products decreased by approximately 45% to 3.2 million units (1H 2013: 5.8 million units) during the period, attributed to the slow development of the capacitive touch panel controller business and also the reduction in market demand for MIPI high speed display interface controller ICs for HD/FHD display. Nonetheless, with a contribution from some new applications of MIPI high speed display interface controller ICs with a high average selling price, the decrease in the total revenue of the Mobile System unit was mitigated to around 14% year-on-year.

Advanced Display

The Advanced Display business unit includes OLED-Display and Lighting products, as well Bistable Display product families which focus on module makers of OLEDs and e-paper, respectively. In addition to standard ICs, the Advanced Display business unit also provides custom IC design services to meet the specific needs of customers.

During the period under review, the total unit shipments of Advanced Display products increased slightly by 1% to 28.9 million units (1H 2013: 28.7 million units). The rise was mainly attributed to an increase in demand for our AMEPD (AM e-paper) driver ICs for ESL displays.

The Group's AMEPD solutions won design-in projects for new ESL panel sizes, while its segment type bistable display driver ICs garnered design-wins for healthcare products and smart cards, further expanding the application portfolio of this new technology.

For PMOLED display driver ICs, the Group has made good inroads into the wearable health and fitness devices market by scoring design-wins with world renowned brands. It has also captured design-wins for other applications, such as gaming devices, industrial applications, water heaters and home audio systems; as well as design-in projects for set-top boxes.

除智能手機外，本集團亦開始進軍其他具龐大潛力的便攜式應用，如智能手錶及其他便攜式裝置。於回顧期內，本集團的MIPI高速顯示器介面控制器IC贏得多個智能手錶的設計項目，為其未來增長奠定穩固基礎。本集團亦繼續發展新的顯示器介面控制器IC，包括用於WQXGA極高解像顯示面板的顯示器介面控制器IC。本集團正就此項嶄新的解決方案進行評估。此外，本集團亦發掘其他工業應用，包括將MIPI高速顯示器介面控制器IC用於高解像顯示屏測試設備。

至於圖像控制器，本集團成功取得多個應用的設計項目，包括IP相機、行車數碼影像記錄器，以及發展中國家為目標並用作教學的智能手機及平板電腦。

移動系統產品的總付運量於期內下跌約45%至3.2百萬件(2013上半年：5.8百萬件)，是由於電容式觸摸屏控制器業務發展步伐稍慢，以及市場對用於高清／全高清顯示的MIPI高速顯示器介面控制器IC需求減少所致。儘管如此，受惠於MIPI高速顯示器介面控制器IC的若干新應用平均售價較高，帶來收益貢獻，令移動系統業務單元的總收益跌幅緩和至按年約14%。

先進顯示

先進顯示業務單元包括OLED顯示及照明產品，以及雙穩態顯示器之產品類別，分別專注於OLED及電子紙的模組製造商。先進顯示業務單元除了提供標準IC外，亦提供訂制IC設計服務，以滿足客戶的個別需要。

回顧期內，先進顯示產品的付運量輕微上升1%至28.9百萬件(2013上半年：28.7百萬件)。付運量上升主要由於用於電子貨架標籤的AMEPD(AM電子紙)驅動器IC的需求增加所致。

本集團的AMEPD解決方案贏得多個新電子貨架標籤面板尺寸的設計項目，而段式雙穩態顯示驅動器IC亦成功取得健康產品及智能啱的設計項目，進一步擴大這新科技的應用組合範圍。

PMOLED顯示驅動器IC方面，本集團贏得多個國際著名品牌的設計項目，成功進軍可穿戴式健康及保健產品市場。本集團亦取得其他應用如遊戲設備、工業應用、熱水爐及家庭音響系統的設計項目，以及機頂盒的設計開發項目。

Subsequent to the launch of the AMOLED display driver IC for the first qHD panel in China, the Group has been collaborating with customers on the development of HD resolution AMOLED display driver ICs.

The Group has also successfully produced an engineering sample IC for OLED lighting.

Large Display

The Large Display business unit focuses on providing large panel TFT display driver ICs to address large display applications.

During the period under review, the total unit shipments of the Large Display business unit decreased slightly by approximately 2% to 5.3 million units year-on-year (1H 2013: 5.4 million units), but the revenue increased by around 7%, attributed to our shift towards higher value-added products. The unit shipment in the first quarter of the year was still under the impact of an inventory adjustment in the market. However, starting from the second quarter, the demand for TVs and monitors has been growing. The growth momentum was driven partly by the rise in demand for our customer's smart TV with advanced functions, and partly by the growth of the TV market boosted by the FIFA World Cup 2014.

Customer qualification for the Group's two sets of new large TFT driver ICs has been completed. The TFT driver IC for 18.5" HD monitors has just started mass production, while that for 21.5" FHD monitors is expected to start early in the second half of the year.

Outlook

The Group will continue to keep a close watch on the market and focus on high-growth, high-volume smart applications. In addition to smartphones which are expected to continue to be a key growth driver, wearable electronics devices, in particular smart watches and health & fitness devices, will likely become "the next big thing" in the consumer electronics market. ESLs using e-paper technology are expected to sustain growth momentum. The Group will continue its efforts to develop more innovative products and expand our footprint in these target application segments to sustain growth.

在推出適用於中國首個qHD面板的AMOLED顯示驅動器IC後，本集團繼續與客戶攜手合作發展高清AMOLED顯示驅動器IC。

本集團亦成功生產應用於OLED照明的工程樣本IC。

大型顯示

大型顯示業務單元主要提供大屏幕TFT顯示驅動器IC，以滿足市場對大型顯示應用的需求。

回顧期內，大型顯示業務單元按年輕微減少2%至5.3百萬件（2013上半年：5.4百萬件），營收則錄得約7%增長，此乃由於本集團業務轉移至較高增值產品所致。本年度首季的付運量仍然受到市場調整存貨量的影響。然而，受惠於市場對本集團客戶具先進功能的智能電視的需求上升，加上2014年國際足協世界盃帶動刺激電視市場增長，電視及屏幕的需求從第二季起持續增加。

本集團兩款全新大型TFT驅動器IC已獲得客戶的認證。適用於18.5吋高清屏幕的TFT驅動器IC剛開始批量生產，而適用於21.5吋全高清屏幕的TFT驅動器IC預期將於下半年開始量產。

展望

本集團將繼續注視市場形勢，專注於高增長及高批量的智能應用。智能手機預期將繼續成為本集團的主要增長動力之一；除此以外，可穿戴式電子設備，尤其是智能手錶及健康及保健產品，將可能成為消費電子產品的下一個亮點，而採用電子紙技術的電子貨架標籤預期將持續增長勢頭。為此，本集團將繼續致力發展更多創新產品，於這些目標應用市場類別擴大業務網絡，令業務持續增長。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

Smartphones and Tablets

In the second half of the year, the Group targets to complete qualification and start pilot production and shipment of its new TFT LCD display driver ICs for FHD resolution panels. Mass production of a number of new capacitive touch panel controller ICs will also begin.

In view of the growing popularity of integrating display driver ICs and touch ICs using On-Cell and In-Cell technologies, the Group has planned to start pilot production of its In-Cell touch display driver ICs by the end of 2014. It has also been working on the development of On-Cell touch driver ICs. The Group expects more design-wins can be scored with these new products.

The Group also targets to complete the evaluation of its AMOLED display driver IC for high-definition resolution display for smartphones in 2014.

In addition, the Group expects that its new MIPI high speed display interface controller IC for large-sized displays with WQXGA resolution will complete qualification in the second half of the year, presenting another high value-added application for this product category.

Smart TVs and Monitors

The growth momentum of TV and monitors started in the second quarter is expected to continue in the third quarter of the year. The Group will continue to boost business growth, increasing further its share of the LCD business of its major customer.

Other Smart Devices

The Group will strive to continue to score more design-wins to boost its business in smart watches and health & fitness devices for its array of high performance display solutions, including PMOLED display driver ICs, bistable display driver ICs and LCD display driver ICs which provide an effective interface for any basebands/MCU/BLE in the market; MIPI high speed display interface controller ICs as interface bridges; as well as capacitive touch panel controller ICs which offer multi-touch experience for users.

The Group will also continue to penetrate further into the ESL business segment. The global ESL market has been witnessing increasing demand by retail stores.

The Group has also been identifying opportunities to extend further the applications of PMOLED display ICs to those featuring higher brightness and DPI, such as set-top boxes and smartphone accessories.

智能手機及平板電腦

下半年，本集團的目標是完成認證以及開始試產及付運適用於全高清面板的新款TFT LCD顯示驅動器IC。多款新電容式觸摸屏控制器IC亦將開始批量生產。

有見採用表嵌式技術及內嵌式技術的顯示驅動器IC及觸控IC日益普遍，本集團已計劃於2014年底前，開始試產其內嵌式觸控顯示驅動器IC。另外，本集團亦正在開發表嵌式觸控驅動器IC，預計這些新產品將取得更多設計項目。

本集團亦致力於2014年內完成評估用於顯示高清智能手機的AMOLED顯示驅動器IC。

此外，本集團預計用於具WQXGA解像度的大尺寸顯示屏的全新高速MIPI顯示器介面控制器IC將於今年下半年取得認證，體現該類產品之另一高增值應用。

智能電視及屏幕

電視及屏幕於第二季開始的增長勢頭預計將於今年第三季延續。本集團正持續推動業務增長，進一步擴大其在主要客戶的LCD業務的份額。

其他智能產品

本集團將致力為其一系列高性能顯示解決方案取得更多智能手錶及健康和保健產品的設計項目，以進一步推展有關業務，包括可顯示由市場上任可基帶/微控制器所產生數據的PMOLED顯示驅動器IC、雙穩態顯示驅動器IC及LCD顯示驅動器IC、用作介面橋接的高速MIPI顯示器介面控制器IC，以及為用家提供多點觸控體驗的電容式觸摸屏控制器IC。

本集團將繼續進一步發展電子貨架標籤業務範疇。全球電子貨架標籤市場正在迎接來自零售店的持續上升的需求。

我們亦正尋找商機，進一步擴大PMOLED顯示器IC的應用至以高亮度及高解析度為特點的產品，例如機頂盒及智能手機配件。

In terms of OLED lighting, upon the completion of the testing and evaluation of its first engineering sample IC, the Group will enter into the second phase of development to produce an IC with additional features, aiming for mass production to capture early mover advantage, as OLED lighting panels are expected to be launched into the market in 2015.

RESEARCH AND DEVELOPMENT

As part of the core strategy of building our strengths in the priority target of product display applications, and paving the way for future growth, the Group has focused on developing related new technologies and also enhancing the features of existing products. During the period under review, the Group has spent approximately US\$7.5 million on R&D, representing about 58% of total expenses and about 28% of sales.

Intellectual property for many solutions has been developed or under development during the past six months aimed at low power, high resolution smart device applications. These included FHD mobile display driver ICs, In-Cell touch mobile display driver ICs and controller ICs for smartphones, HD AMOLED driver ICs for smartphones and tablets, high brightness PMOLED driver ICs, bistable segment driver ICs, ultra low-power AMEPD driver ICs, OLED lighting driver ICs and P-CAP touch controller ICs for smartphones, an eDP-to-MIPI bridge chip for tablet PCs, etc.

During the period under review, the Group has filed several patent applications in different regions. The Group has been successfully granted two patents for its driving method for display panels.

As at 30 June 2014, the Group had an R&D workforce of 190, representing approximately 60% of our entire staff (excluding those of a manufacturing subsidiary in China). The Group's R&D teams possess domain expertise in various areas, spanning from design of high-speed serial master bridges, projected capacitance multi-touch controller ICs and OLED lighting driver ICs, to display driver ICs for various panel technologies such as amorphous silicon TFT, metal oxide TFT, LTPS, AMOLED, PMOLED, and AMEPD. This wide array of critical knowhow enables fast fulfillment of customers' sophisticated requirements. The Group has adopted wafer technologies as advanced as 55nm high voltage process on 12" wafer to address the challenge of increasingly higher resolution and lower power consumption in mobile consumer end products.

至於 OLED 照明方面，待首個工程樣板 IC 的測試及評估完成後，本集團將會隨即展開第二期研發，以開發具更多新功能、用以進行量產的 IC，冀能率先把握 OLED 照明面板預計於 2015 年推出市場所帶來的優勢。

研發

本集團其中一項核心策略為加強於目標產品顯示應用的優勢，同時為未來增長鋪路，故本集團專注開發相關的新技術之餘，亦加強現有產品的功能。回顧期內，本集團於研發方面的支出約為 7.5 百萬美元，佔總開支約 58% 及銷售額約 28%。

本集團於過去六個月成功開發或正在開發適用於低功耗及高解像度智能產品應用方面的多個知識產權，包括全高清移動顯示驅動器 IC、智能手機的內嵌式觸控移動驅動器 IC 及控制器 IC、智能手機及平板電腦的高清 AMOLED 驅動器 IC、高亮度 PMOLED 驅動器 IC、雙穩態段式驅動器 IC、超低功耗 AMEPD 驅動器 IC、應用於智能手機的 OLED 照明驅動器 IC 及 P-CAP 觸控控制器 IC，及用於平板電腦的 eDP-to-MIPI 橋接晶片等。

於回顧期內，本集團在不同地區遞交了數個專利申請，並成功獲批顯示器面板驅動方法的兩項專利。

於 2014 年 6 月 30 日，本集團的研發團隊共有 190 名員工，約佔員工總數（不包括負責生產之中國附屬公司的員工）的 60%。研發團隊具備多個範疇的專業知識，包括設計高速串行主電橋、投射式電容多點觸控控制器 IC 及 OLED 照明驅動器 IC，以至氮化非晶硅 TFT、金屬氧化物 TFT、LTPS、AMOLED、PMOLED 及 AMEPD 等多種面板技術的顯示驅動器 IC。憑藉豐富的專業知識，本集團能迅速回應客戶的嚴格要求。本集團採用先進的晶圓技術，於 12 吋晶圓使用 55 納米高壓製程，以滿足市場對更高解像及更低功耗的移動消費終端產品持斷增加的需求。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

HUMAN RESOURCES

As at 30 June 2014, the Group had a total workforce of 379, of whom about 47% were based at the Hong Kong headquarters with the rest located in China, Japan, Singapore, Taiwan and the USA.

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

In addition to patent awards to encourage patent filing, new product introduction bonuses and first sales incentives, which aim at driving the success of new product development and new business, remained in place and were paid to certain employees during the 1H of 2014.

人力資源

於2014年6月30日，本集團共有379名員工，當中約47%駐於香港總部，其餘員工則分別駐於中國、日本、新加坡、台灣及美國。

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

除了設立專利權獎以鼓勵提出專利申請外，本集團繼續於2014上半年向若干員工發放了成功開發新產品花紅及首次成功銷售獎勵，以促進新產品開發及新業務發展。

DIRECTORS' INTERESTS

董事權益

As at 30 June 2014, the interests and short positions of each Director and the chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance), as recorded in the register required to be kept by the Company under Section 352 of part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

於2014年6月30日，各董事及行政總裁於本公司及其相聯法團（定義見證券及期貨條例）的股份及相關股份中擁有登記於根據SFO第XV部第352條規定本公司須存置的登記名冊上，或須根據上市公司董事進行證券交易的標準守則知會本公司及聯交所的權益及淡倉如下：

Ordinary shares of HK\$0.10 each in the Company as at 30 June 2014 於2014年6月30日本公司每股面值0.10港元的普通股						
Name of Directors 董事名稱	Position 權益狀況	Shares 股份	Share Options* 購股權*	Total 總計	% of the issued share capital of the Company 佔本公司 已發行 股本百分比	
Independent Non-executive Directors 獨立非執行董事						
Sun, Patrick	辛定華	Long 權益	—	1,600,000	1,600,000	0.06%
Choy Kwok Hung, Patrick	蔡國雄	Long 權益	—	800,000	800,000	0.03%
Yiu Tin Chong, Joseph	姚天從	Long 權益	—	2,800,000	2,800,000	0.11%
Non-executive Directors 非執行董事						
Lai Weide	賴偉德	Long 權益	—	—	—	—
Li Xiaochun	李曉春	Long 權益	—	—	—	—
Zhao Guiwu	趙貴武	Long 權益	—	—	—	—
Executive Directors 執行董事						
Leung Kwong Wai	梁廣偉	Long 權益	—	119,400,308	122,200,308	4.96%
Lai Woon Ching	黎垣清	Long 權益	—	26,999,032	29,799,032	1.21%

* These are share options granted under the Share Option Schemes (with more details on page 21).

* 該等購股權為根據購股權計劃（詳情見第21頁）授出之購股權。

DIRECTORS' INTERESTS (continued)

董事權益(續)

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

Mr. Choy Kwok Hung, Patrick ("Mr. Choy"), Independent Non-executive Director and Mr. Lo Wai Ming ("Mr. Lo"), a member of senior management of the Group, through investment vehicles under their control invested in BJ-LED, an associated company of the Group. Mr. Choy and Mr. Lo declared that their respective percentage ownership in BJ-LED was 15.3% and 11.5% respectively as at 30 June 2014.

Saved as disclosed above, at no time during the period was the Company, its subsidiaries or its associated corporation a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation other than Dr. Leung Kwong Wai who holds shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiaries have more than one member.

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

獨立非執行董事蔡國雄先生(「蔡先生」)和本集團高級管理層成員盧偉明先生(「盧先生」)透過彼等控制的投資公司投資於本集團的一家聯營公司BJ-LED。蔡先生與盧先生申報他們於2014年6月30日分別擁有BJ-LED的15.3%及11.5%。

除上文所披露外，於期內任何時間，除梁廣偉博士純粹為確保有關附屬公司有一名以上股東而持有若干附屬公司的股份外，概無本公司、其附屬公司或其相聯法團為任何安排的其中一方，讓本公司董事及行政總裁(包括彼等之配偶及年齡在18歲以下的子女)持有本公司或其相聯法團的股份或相關股份或債權證的任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

主要股東權益

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 30 June 2014, the Company had been notified of the following substantial shareholders' interests in the shares of the Company, being interests of 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

根據SFO第XV部第336條須存置的主要股東登記名冊所示，於2014年6月30日，本公司已獲知會下列主要股東於本公司股份中擁有的權益(即於本公司已發行股本擁有5%或以上權益)。該等權益為上文披露的本公司董事及最高行政人員權益以外者。

Ordinary shares of HK\$0.10 each in the Company as at 30 June 2014 於2014年6月30日本公司每股面值0.10港元的普通股

Name of shareholder 股東名稱	Capacity 身份	Position 權益狀況	Number of shares held 所持股份數目	% of the issued share capital of the Company 佔本公司已發行 股本百分比
China Electronics Corporation 中國電子信息產業集團有限公司	Interest of controlled corporation 受控制公司權益	Long 權益	706,366,000	28.69%

Note:

The long position of 706,366,000 shares of the Company were held by 華電有限公司 ("HDC"). China Electronics Corporation controlled the entire issued share capital of 中國電子進出口總公司 ("CEC-IE"), which in turn held 100% interest in HDC, and as such, CEC held the 706,366,000 shares of the Company held by HDC.

Saved as disclosed above, as at 30 June 2014, no other persons (other than the Directors) were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

附註：

華電有限公司持有706,366,000股本公司股份之權益。中國電子信息產業集團有限公司控制中國電子進出口總公司全數已發行股本，而中國電子進出口總公司則持有華電有限公司的100%權益，因此，中國電子信息產業集團有限公司持有華電有限公司所持有的706,366,000股本公司股份之權益。

除上文所披露外，於2014年6月30日，根據證券及期貨條例第336條本公司須予備存的登記冊所記錄，概無其他人士(董事除外)擁有本公司股份及相關股份的權益或淡倉。

SHARE OPTION SCHEMES

購股權計劃

The Company adopted a share option scheme at the annual general meeting held on 28 May 2013 (“2013 Share Option Scheme”) and at the same time terminated the old share option scheme (“Old Scheme”) which would expire in February 2014. Upon termination, no further options under the Old Scheme had been offered but in all other respects the provision of the same shall remain in force and the options granted prior to such termination shall continue to be valid and exercisable in accordance with the same.

The terms of the 2013 Share Option Scheme are in accordance with the provisions of the Chapter 17 of the Listing Rules on the Stock Exchange. The 2013 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2013, being the date of adoption of such scheme by the shareholders of the Company.

As at 30 June 2014, there are total 16,800,000 valid share options outstanding, of which 10,400,000 share options are under the Old Scheme and the other 6,400,000 are under the 2013 Share Option Scheme.

Movements in the number of share options outstanding under the two share option schemes and their related exercise prices for the six months ended 30 June 2014 were as follows:

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃(「2013購股權計劃」)及同時撤銷原於2014年2月失效的原有購股權計劃(「舊計劃」)。舊計劃撤銷後不得進一步提呈更多購股權，惟同樣條文將於所有其他方面繼續有效執行，及按照同樣情況在該等終止前已授出的購股權將繼續有效及可行使。

2013購股權計劃的條款是遵照聯交所上市規則第17章的條文。2013購股權計劃由2013年5月28日(即本公司股東採納該購股權計劃之日)起生效，為期10年。

於2014年6月30日，合共有16,800,000股有效購股權未經行使，其中10,400,000股購股權屬於舊計劃，另6,400,000股購股權屬於2013購股權計劃。

截至2014年6月30日止6個月關於兩購股權計劃尚未行使購股權數目的變動及其有關行使價列載如下：

Name of Directors 董事名稱	Number of share options (in thousand units) 購股權數目(以千位計)					Exercise price HKS 行使價 港元	Grant Date 授出日期	Exercise period 行使期	
	Held on 1 January 2014 於2014年 1月1日持有	Lapsed during the period 期內 已失效	Granted during the period 期內 已授出	Exercised during the period 期內 已行使	Held on 30 June 2014 於2014年 6月30日持有			Begins 開始	Ends 結束
Independent Non-executive Directors 獨立非執行董事									
Sun, Patrick 辛定華	800	-	-	-	800	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	800	-	-	-	800	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	1,600	-	-	-	1,600				
Choy Kwok Hung, Patrick 蔡國雄	800	-	-	(800)	-	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	800	-	-	-	800	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	1,600	-	-	(800)	800				
Yiu Tin Chong, Joseph 姚天從	1,200	-	-	-	1,200	0.1634	30 September 2011 2011年9月30日	1 October 2012 2012年10月1日	30 September 2014 2014年9月30日
	800	-	-	-	800	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	800	-	-	-	800	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	2,800	-	-	-	2,800				
Subtotal 小計	6,000	-	-	(800)	5,200				

Name of Directors 董事名稱	Number of share options (in thousand units) 購股權數目(以千位計)					Exercise price HKS 行使價 港元	Grant Date 授出日期	Exercise period 行使期	
	Held on 1 January 2014 於2014年 1月1日持有	Lapsed during the period 期內 已失效	Granted during the period 期內 已授出	Exercised during the period 期內 已行使	Held on 30 June 2014 於2014年 6月30日持有			Begins 開始	Ends 結束
Executive Directors 執行董事									
Leung Kwong Wai 梁廣偉	1,200	-	-	-	1,200	0.1634	30 September 2011 2011年9月30日	1 October 2012 2012年10月1日	30 September 2014 2014年9月30日
	800	-	-	-	800	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	800	-	-	-	800	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	2,800	-	-	-	2,800				
Lai Woon Ching 黎垣清	1,200	-	-	-	1,200	0.1634	30 September 2011 2011年9月30日	1 October 2012 2012年10月1日	30 September 2014 2014年9月30日
	800	-	-	-	800	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	800	-	-	-	800	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
	2,800	-	-	-	2,800				
Subtotal 小計	5,600	-	-	-	5,600				
Others 其他									
Senior management & others 高級管理層及其他	1,200	-	-	-	1,200	0.1634	30 September 2011 2011年9月30日	1 October 2012 2012年10月1日	30 September 2014 2014年9月30日
	2,400	-	-	-	2,400	0.2126	28 September 2012 2012年9月28日	1 October 2013 2013年10月1日	30 September 2015 2015年9月30日
	2,400	-	-	-	2,400	0.3450	4 October 2013 2013年10月4日	1 October 2014 2014年10月1日	30 September 2016 2016年9月30日
Subtotal 小計	6,000	-	-	-	6,000				
Total 總計	17,600	-	-	(800)	16,800				

CORPORATE GOVERNANCE AND SUPPLEMENTARY INFORMATION

企業管治及補充資料

Compliance with Corporate Governance Code

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

The Company has complied with all the applicable Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014 except the following deviations:

Pursuant to the Code Provision A.6.7, Independent Non-executive Directors and Non-executive Directors should attend general meetings. Three Non-executive Directors were unable to attend the annual general meeting of the Company held on 27 May 2014 ("AGM") due to their business engagements. All the four Independent Non-executive Directors and other Directors were present and available to answer any questions from shareholders of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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 10 of 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 2014.

Other Changes about Directors

In accordance with Article 112 of the Company's Articles of Association, the retiring Directors, namely Dr. Leung Kwong Wai and Mr. Yiu Tin Chong, Joseph were successfully re-elected at the AGM held on 27 May 2014.

Dr. Lam Pak Lee ("Dr. Lam") and Mr. Wong Yuet Leung, Frankie have retired respectively as a Non-executive Director and an Independent Non-executive Director at the conclusion of the AGM. Concurrent with the retirement of Dr. Lam, Mr. Sheu Wei Fu has ceased to act as an Alternate Director to Dr. Lam.

Mr. Patrick Sun is an independent non-executive director of China CNR Corporation Limited (SSE: 601299) which was listed in the Stock Exchange in May 2014 (HKSE: 06199).

In June 2014, Mr. Patrick Sun ceased to be an independent non-executive director of China Railway Group Limited (HKSE: 00390), a company listed in Hong Kong.

Mr. Zhao Guiwu ceased to be a non-executive vice chairman of China Electronics Corporation Holdings Company Limited (HKSE: 00085).

遵守企業管治守則

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

截至2014年6月30日止6個月期間，本公司一直遵守上市規則附錄14所載之企業管治守則中所有適用的守則條文，惟下述偏離者除外：

根據守則條文第A.6.7條，獨立非執行董事及非執行董事應出席股東大會。有3名非執行董事因彼等公務，無法出席本公司於2014年5月27日舉行之股東週年大會（「股東週年大會」）。全數4名獨立非執行董事及其他董事均已出席該大會以回答本公司股東之任何問題。

遵守上市發行人董事進行證券交易的標準守則

本公司就董事及有關員工進行的證券交易制訂其本身的書面指引，條款與上市規則附錄10所載之上市發行人董事進行證券交易的標準守則規定之標準同樣嚴格。本公司已向全體董事作出具體查詢，於截至2014年6月30日止6個月期間，彼等均一直遵守該等指引。

董事其他變動

根據本公司的組織章程細則第112條，董事梁廣偉博士及姚天從先生已於股東週年大會上輪席告退並成功膺選連任。

林百里博士（「林博士」）與黃月良先生已於股東週年大會完結後分別退任非執行董事及獨立非執行董事。林博士退任董事時，許維夫先生停任林博士之替代董事。

辛定華先生為中國北車股份有限公司（上海證券股份代碼：601299）的獨立非執行董事。該公司於2014年5月於聯交所上市（香港股份編號：06199）。

辛定華先生於2014年6月辭任中國中鐵股份有限公司（香港股份編號：00390）的獨立非執行董事。

趙貴武先生已辭任中國電子集團控股有限公司（香港股份編號：00085）的非執行副主席。

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 period under review.

Review of Condensed Consolidated Interim Financial Information

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

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

Investor Relations and Communications

The Group recognizes the rights of the Company's shareholders to know more about its business and prospect, and therefore it has always taken a proactive approach to communicate with the investment community, for example, institutional investors, sell-side analysts and retail investors. In the 1H of 2014, the Group held meetings and conference calls with investors and analysts. To enhance the Group's profile among the general public in Hong Kong, interviews were conducted with local media, and group visits to its principal office were arranged with local universities and technology institutions. Stakeholders of the Company are recommended to visit the Group's website (www.solomon-systech.com) from time to time, where up-to-date information of the Group can be accessed.

Publication of Interim Results 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.hkex.com.hk) and the Company's website (www.solomon-systech.com) on 18 August 2014.

購買、出售或贖回本公司上市股份

回顧期內，本公司或其任何附屬公司並無購買、出售或贖回本公司上市股份。

審閱簡明綜合中期財務資料

審核委員會由3名獨立非執行董事及1名非執行董事組成。未經審核的簡明綜合中期財務資料，已通過內部審核聯同審核委員會審閱。

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

投資者關係及溝通

本集團深明本公司股東有權對本集團業務及前景有更多了解，故此本集團一直採取積極態度與投資大眾(例如：機構投資者、賣方分析員及散戶投資者)溝通。於2014上半年，本集團繼續與投資者及分析員舉行多個會議及電話會議。為提升香港公眾對本集團的認識，本集團接受多次本地傳媒訪問和安排多個本地大學及科技協會團體參觀本公司的總辦事處。本集團建議權益人不時登入本集團網站(www.solomon-systech.com)，查閱本集團的最新資訊。

中期業績於聯交所網站及本公司網站公佈

本公司已於2014年8月18日於聯交所網站(www.hkex.com.hk)及本公司網站(www.solomon-systech.com)公佈所有根據上市規則規定的本集團的中期財務及相關資料。

DEFINITIONS AND GLOSSARY

AMEPD	Active Matrix Electrophoretic Display
AMOLED	Active Matrix Organic Light Emitting Diode
BJ-LED	Beijing LED Energy Management Technology Co., Ltd.**(formerly known as Beijing LED Lighting Engineering Co., Ltd.), a company incorporated in the PRC with limited liability
Board	Board of Directors
CEC	China Electronics Corporation, a state-owned information technology conglomerate under the administration of the central government of the PRC, a substantial shareholder of the Company
China	Mainland China
Code Provision(s)	Code provision(s) in the Corporate Governance Code contained in Appendix 14 of 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
DVR	Digital Video Recorder
ESL	Electronic Shelf Label
FHD	Full High Definition, a display resolution of 1920 × 1080 pixels
FVTPL	Financial Assets/Liabilities at Fair Value Through Profit or Loss
GPS	Global Positioning System
Group	The Company and its subsidiaries
HD	High Definition, a display resolution of 1280 × 720 pixels
HK/Hong Kong	Hong Kong Special Administrative Region
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards, or collectively for HKAS and Hong Kong Financial Reporting Standards
IC	Integrated Circuit
IP Camera	Internet Protocol Camera
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 10 of the Listing Rules
OLED	Organic Light Emitting Diode
PMOLED	Passive Matrix Organic Light Emitting Diode
PRC	The People's Republic of China
qHD	Quarter High Definition, a display resolution of 960 × 540 pixels
R&D	Design, development and engineering
RPC	Reduced Pin Count
S&D	Selling and Distribution
SFO	Securities and Futures Ordinance
TFT	Thin Film Transistor
the Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$	US dollars, the lawful currency of the USA
USA	United States of America
WQXGA	Wide Quad Extended Graphics Array, a display resolution of 2560 × 1600 pixels

** for identification purpose only

釋義及詞彙

AMEPD	主動矩陣電泳顯示
AMOLED	主動矩陣有機發光二極體
BJ-LED	北京愛爾益地節能科技有限責任公司(前稱北京愛爾益地照明工程有限公司)，於中國註冊成立之有限公司
董事會	董事會
CEC	中國電子信息產業集團有限公司，一家直接隸屬於中國中央政府管理的國有電子信息技術企業集團，乃本公司之主要股東
中國	中國大陸
守則條文	上市規則附錄14所載之企業管治守則中的守則條文
本公司	Solomon Systech (International) Limited，一家於開曼群島註冊成立的有限公司，其股份於聯交所主板上市
董事	本公司之董事
數碼影像記錄器	數碼影像記錄器
電子貨架標籤	電子貨架標籤
全高清	全高清，解像度為1920 x 1080像素
FVTPL	通過損益以反映公平價值的財務資產／負債
全球定位系統	全球定位系統
本集團	本公司及其附屬公司
高清	高清，解像度為1280 × 720像素
香港	香港特別行政區
香港會計準則	香港會計準則
香港財務報告準則	香港財務報告準則，或香港會計準則及香港財務報告準則的統稱
IC	集成電路晶片
IP相機	Internet Protocol 相機
LCD	液晶顯示器
上市規則	聯交所證券上市規則
MIPI	移動行業處理器接口
標準守則	上市規則附錄10所載之上市發行人董事進行證券交易的標準守則
OLED	有機發光二極體
PMOLED	被動矩陣有機發光二極體
中國	中華人民共和國
qHD	四份一全高清，解像度為960 × 540像素
研發／R&D	設計、開發及工程
RPC	Reduced Pin Count，即降低接腳數
銷售及分銷	銷售及分銷開支
SFO	證券及期貨條例
TFT	薄膜電晶體
聯交所	香港聯合交易所有限公司
美元	美國元，美國法定貨幣
美國	美利堅合眾國
WQXGA	寬四擴展圖形陣列，一種顯示解像度，解像度為2560 x 1600像素

CORPORATE AND SHAREHOLDER INFORMATION

公司及股東資料

Financial Calendar

Financial Year End

31 December

Announcement of 2014 Interim Results

18 August 2014

Share Listing

Listing Venue and Date

Main Board of The Stock Exchange of Hong Kong Limited

8 April 2004

HKSE Stock Code

2878

Board Lot

2,000 shares

Trading Currency

HKD

Issued Shares

2,461,902,351 (as at 30 June 2014)

Principal Share Registrar and Transfer Agent

Royal Bank of Canada Trust Company (Cayman) Limited

4/F, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Tel: (852) 2980 1333

Fax: (852) 2810 8185

Website: www.tricoris.com

Independent Auditor

PricewaterhouseCoopers

Solicitors

ReedSmith Richards Butler

財務日誌

財政年度結算日

12月31日

公佈2014中期業績

2014年8月18日

股份上市資料

上市地點及日期

香港聯合交易所有限公司主板

2004年4月8日

香港聯交所股份編號

2878

買賣單位

2,000股

交易貨幣

港元

已發行股份

2,461,902,351 (於2014年6月30日)

股份過戶登記總處

Royal Bank of Canada Trust Company (Cayman) Limited

4/F, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

開曼群島

香港股份過戶登記分處

卓佳證券登記有限公司

香港

皇后大道東183號

合和中心22樓

電話：(852) 2980 1333

傳真：(852) 2810 8185

網址：www.tricoris.com

獨立核數師

羅兵咸永道會計師事務所

法律顧問

禮德齊伯禮律師行

Board Members

Independent Non-executive Directors

Mr. Sun, Patrick (Chairman)
Mr. Choy Kwok Hung, Patrick
Mr. Yiu Tin Chong, Joseph

Non-executive Directors

Mr. Li Xiaochun
Mr. Lai Weide
Mr. Zhao Guiwu

Executive Directors

Dr. Leung Kwong Wai, JP (Managing Director)
Mr. Lai Woon Ching

Authorized Representatives

Dr. Leung Kwong Wai, JP
Mrs. Fung Lui Kit Har, Keziah

Company Secretary

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

Investor Relations

Mr. Nelson Wong
Corporate Development Director
Email : ir@solomon-systech.com

Corporate Communications

Ms. Jessica Lee
Corporate Communications Manager
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Principal Office

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Fax: (852) 2267 0800

Website

www.solomon-systech.com

董事成員

獨立非執行董事

辛定華先生(主席)
蔡國雄先生
姚天從先生

非執行董事

李曉春先生
賴偉德先生
趙貴武先生

執行董事

梁廣偉博士，太平紳士(董事總經理)
黎垣清先生

授權代表

梁廣偉博士，太平紳士
馮雷潔霞女士

公司秘書

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

投資者關係

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總辦事處

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香港科學園
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網址

www.solomon-systech.com

This 2014 Interim Report (bilingual version in English and Chinese) has been posted on the Company's website at www.solomon-systech.com.

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

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

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

本 2014 年中期報告的中英文雙語合併本已登載於本公司網站 www.solomon-systech.com。

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

股東可隨時更改收取本公司的公司通訊方式。

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

Solomon Systech (International) Limited

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Hong Kong Science Park

Shatin, New Territories, Hong Kong

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www.solomon-systech.com

This Interim Report is printed on environmental friendly paper. 

本中期報告以環保紙印製