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SOLOMON SYSTECH (INTERNATIONAL) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2878)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of Directors (the "Board") of Solomon Systech (International) Limited (the "Company", together with its subsidiaries, shall collectively be referred to as the "Group") wishes to advise the Shareholders and potential investors of the Company that, the Group will record a loss for the year ending 31 December 2015 based on the initial assessment of the Group's unaudited management accounts, compared with the profit of US\$0.9 million attributable to the equity holders of the Company for the six months ended 30 June 2015 as disclosed in the 2015 interim report of the Company, and the loss of US\$3.0 million attributable to the equity holders of the Company for the year ended 31 December 2014 as disclosed in the 2014 annual report of the Company.

Notwithstanding an increase in total unit shipments and sales in (a) the second half of 2015 compared with the first half of the year; and (b) the full year of 2015 compared with 2014, the Group's results for the year ending 31 December 2015 have been affected by the following, among others:

- (1) A drop in the average selling price of products and a change in the product mix which lowered the overall gross profit percentage year-on-year.
- (2) An increase in the product design, development & engineering investment incurred for the year ending 31 December 2015 to develop an array of new products, of which some have been launched in the market, contributing to sales increase during the year and others are in the pipeline to market.
- (3) A possible significant drop in the 2015 net financial income from US\$3.4 million in 2014 to a break-even or a marginal net expenditure position in 2015 subsequent to a potential net unrealizable fair value loss from the financial assets at fair value through profit or loss ("FVTPL") portfolio by 31 December 2015, compared with a net unrealizable gain of US\$1.4 million from the FVTPL portfolio as at 30 June 2015, and a moderate net unrealizable loss of US\$0.5 million from the FVTPL portfolio as at 31 December 2014.

As the Company's financial year has not yet ended, investors should only rely on the announcement for the Group's annual results for the year ending 31 December 2015, which is expected to be published before the end of March 2016.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
SOLOMON SYSTECH (INTERNATIONAL) LIMITED
FUNG Lui Kit Har, Keziah
Company Secretary

Hong Kong, 23 December 2015

As at the date of this announcement, the Board comprises: (a) Executive Directors – Dr. Leung Kwong Wai (Chairman, Managing Director & CEO) and Mr. Cheung Wai Kuen, Kenny; (b) Non-executive Directors – Dr. Li Jun, Mr. Li Rongxin and Mr. Zhao Guiwu; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Mr. Yiu Tin Chong, Joseph.