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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 by Solomon Systech (International) Limited (the “Company”, together with its subsidiaries, shall collectively be referred to as the “Group”) pursuant to Rule 13.09(2)(a) 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 of the Company (the “Board”) wishes to advise the shareholders and potential investors of the Company that the Group is expected to record an increase in loss attributable to the equity holders of the Company by more than 50% for the year ended 31 December 2017, compared with a loss attributable to the equity holders of the Company of US\$6.9 million for the year ended 31 December 2016.

Notwithstanding an increase in total unit shipments and sales in (a) the second half of 2017 compared with the first half of the year; and (b) 2017 compared with 2016, the expected increase in loss attributable to the equity holders of the Company for the year ended 31 December 2017 was mainly attributable to the following:

- (1) one-off write-off of obsolete inventories in view of latest technological development and change in market demand;
- (2) increase in the Group’s investment cost and the related amortization expenses for product design, development and engineering for the development of an array of new products, although some of which have been launched in the market and resulted in increase in sales in the year ended 31 December 2017; and
- (3) decrease in gross profit margin mainly due to a change in the product mix.

The Company is still in the process of finalizing the Group's annual results for the year ended 31 December 2017. The information contained in this announcement is only based on the Board's preliminary assessment on the Group's latest unaudited consolidated management accounts for the year ended 31 December 2017, which have not yet been reviewed or audited by the independent external auditor of the Company, nor reviewed by the audit committee of the Board. The audited consolidated annual results of the Group for the year ended 31 December 2017 may be subject to further adjustment(s) and may be different from the information contained in this announcement. Further details of the Group's financial information will be published in the Company's announcement of annual results for the year ended 31 December 2017, which is expected to be published before the end of March 2018.

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

For and on behalf of the Board
SOLOMON SYSTECH (INTERNATIONAL) LIMITED
YEH Tsuei Chi
Chief Executive Officer

Hong Kong, 14 February 2018

As at the date of this announcement, the Board comprises: (a) Executive Directors – Dr. Yeh Tsuei Chi (Chief Executive Officer) and Mr. Lo Wai Ming; (b) Non-executive Directors – Mr. Li Rongxin (Chairman), Dr. Li Jun and Mr. Zhao Guiwu; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Mr. Yiu Tin Chong, Joseph.