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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 inform 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 around 30% for the year ended 31 December 2018, compared with a loss attributable to the equity holders of the Company of US\$10.3 million for the year ended 31 December 2017.

Notwithstanding an increase in total unit shipments and sales in the year of 2018 because of new products introduced to the market compared with that of 2017, the expected increase in loss attributable to the equity holders of the Company for the year ended 31 December 2018 was mainly attributable to the following:

- (1) provision of slow moving inventories due to reduced market demand for some of the Group’s products resulting in diminished gross profit margins; and
- (2) decrease in net finance income because of a less favourable investment environment during the year of 2018 compared to that of 2017.

The Company is still in the process of finalizing the Group’s final results for the year ended 31 December 2018. 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 2018, which have not yet been reviewed by the independent external auditors of the Company nor the audit committee of the Board. The unaudited consolidated final results of the Group for the year ended 31 December 2018 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 final results for the year ended 31 December 2018, which is expected to be published before the end of March 2019.

The Board would like to stress that both the Board and management are committed to moving expeditiously to deliver on plans and on the Company's potential to enhance shareholder value.

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, 28 January 2019

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. Ma Yuchuan; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Mr. Yiu Tin Chong, Joseph.