SOLOMON SYSTECH

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 Group is principally engaged in the design, development and sales of proprietary integrated circuits products and system solutions.

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 of more than 50% loss attributable to the equity holders of the Company for the year ending 31 December 2019, compared with a loss attributable to the equity holders of the Company of US$13.7 million for the year ended 31 December 2018.

The expected increase in the loss attributable to equity holders of the Company is mainly attributable to, including but not limited to, the following reasons:

(1) provision of slow moving inventories due to reduced market demand for some of the products resulting in diminished gross profit margins;

(2) decrease in net finance income because of a less favourable investment environment for the year ending 2019 compared to the same period of 2018; and

(3) close down offices in United Kingdom and Korea, and written off of carrying cost of these operations. The restructuring is in line with market direction and aim to reduce on-going expenses.

The Board would like to point out that this announcement are only based on the Company's preliminary evaluation of the unaudited financial information of the Group and the other information currently available to the Board which have not been audited nor reviewed by the Company's auditor. The financial results of the Group for the year ending 31 December 2019 will only be ascertained after all the relevant results and accounting treatments have been finalised. It may also be affected by other factors and may differ from what is disclosed 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 ending 31 December 2019, which is expected to be published before the end of March 2020.

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
Wang Wah Chi Raymond
Acting Chief Executive Officer

Hong Kong, 13 December 2019

As at the date of this announcement, the Board comprises: (a) Executive Directors – Mr. Wang Wah Chi Raymond (Acting Chief Executive Officer) and Mr. Lo Wai Ming; (b) Non-executive Directors – Mr. Ma Yuchuan (Chairman), Dr. Li Jun and Mr. Yu Jian; and (c) Independent Non-executive Directors – Mr. Leung Heung Ying, Mr. Sheu Wei Fu and Mr. Yiu Tin Chong, Joseph.