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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 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 of the Company that the Group's results for the year ending 31 December 2012 will be adversely affected by a provision against investment impairment.

The Company announced via a discloseable transaction announcement on 9 August 2011 that the Group had made an investment of US\$9,000,000 in C2 Microsystems Inc ("C2") to develop Internet TV business among other objectives. C2 was subsequently merged into its subsidiary C2 Microsystems (Cayman Islands) Inc ("C2-Cayman"), with C2-Cayman as the surviving entity. As the Group has a minority stake in C2-Cayman and due to uncertainties of timing for C2-Cayman and its subsidiaries to achieve quick business turnaround, and that C2-Cayman has been missing its operations and financial performance goals, as a matter of prudence, the Company has decided to fully impair the net carrying amount of its original investment in C2 brought forward from 31 December 2011. Consequently, the Company will record a provision against investment impairment in the sum of US\$7,314,000, which will adversely affect the Group's results for the year ending 31 December 2012. Of this provision amount, US\$2,234,000 has already been incorporated in the Company's 2012 interim results.

The Group will seek for opportunities to continue the development in Internet TV business. The Group continues to develop other display IC and system solution businesses independently.

The Board considers that the overall operations of the Group as a whole remain sound and intact, and the financial position of the Group remains solid. As the Company's financial year has not ended yet, investors should only rely on the announcement for the Group's annual results for the year ending 31 December 2012, which is expected to be published before the end of March 2013.

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

For and on behalf of
Solomon Systech (International) Limited
LEUNG Kwong Wai
Managing Director

Hong Kong, 7 December 2012

As at the date of this announcement, the Board comprises (a) Executive Directors - Dr. LEUNG Kwong Wai (Managing Director) and Mr. LAI Woon Ching; (b) Non-executive Directors - Dr. LAM Pak Lee (Mr. SHEU Wei Fu as his alternate), Mr. LI Xiaochun, Mr. LAI Weide and Mr. ZHAO Guiwu; and (c) Independent Non-executive Directors - Mr. SUN, Patrick (Chairman), Mr. CHOY Kwok Hung, Patrick, Mr. WONG Yuet Leung, Frankie and Mr. YIU Tin-chong, Joseph.