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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 remind shareholders of the Company and investors that based on its unaudited management accounts, the Group's results for the financial year ended 31 December 2008 will be substantially lower than that for the corresponding period in 2007, and a net loss is expected.

The Board considers that the anticipated incurrence of consolidated net loss of the Group for the financial year ended 31 December 2008 was, among other things, primarily attributable to: (1) lower than anticipated Group sales due to worse than anticipated market demand; (2) impairment of strategic investment in technology startups; and (3) incurrence of unrealized loss in the Group's financial asset investment.

The Group experienced weaker than anticipated demand for consumer electronics as multiple macro issues proliferated to dampen demand. Slower than expected development in the Group's businesses also affected the Group's results. Consequently, the Group was unable to gather sufficient momentum and rebound from its net loss reported in the Group's 2008 interim results.

The Group has invested in certain technology startups. Some of these startups encountered delays in their technology and business development plans. In particular, two of them were significant behind their preset milestones. As they deplete working capital, they run the risk of going insolvent in current credit crunch. Consequently, the Group is going to recognize higher than usual impairment based on liquidity risk arising from these startups.

The Group has invested in certain financial assets as part of its treasury management. Recent financial market decline caused unrealized loss in financial asset investment as they were valued at market price as at 31 December 2008. This unrealized loss and the impairment in strategic investment are not expected to affect the cash flow of the Group.

As the Group's audited consolidated results for the year ending 31 December 2008 are yet to be finalized, the Board is not in a position to quantify the extent of the net loss for the time being. This profit warning announcement is only based on the preliminary estimation by the management of the Company and the information currently available. Further details of the Group's performance will be disclosed as and when the final results for the financial year ended 31 December 2008 are announced.

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.

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, 6 January 2009

As at the date of this announcement, the Board comprises (a) Executive Directors – Mr. LEUNG Kwong Wai (Managing Director), Mr. HUANG Hsing Hua, Mr. LAI Woon Ching, Mr. LAM Shun Fu, Percy, Mr. LO Wai Ming, (b) Non-executive Directors – Mr. CHANG Ching Yi, Steven, Dr. LAM Pak Lee, and Mr. SHEU Wei Fu (Alternate to Dr. LAM Pak Lee), (c) Independent Non-executive Directors – Mr. SUN, Patrick (Chairman), Mr. CHOY Kwok Hung, Patrick, and Mr. WONG Yuet Leung, Frankie.