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## **VARITRONIX INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 710)

### **ANNOUNCEMENT**

#### **DISCLOSEABLE TRANSACTION ACQUISITION OF SHARES IN DATA MODUL**

The Company announces that it has, from time to time through one of its wholly owned subsidiaries, Varitronix Investment Limited, acquired Data Modul Shares on the Frankfurt Stock Exchange. During the 12-month period ended 15 October 2008 (the date when the last acquisition took place) the Group acquired 413,340 Data Modul Shares on-market at a total consideration of approximately Euro 6.1 million (equivalent to approximately HK\$66.7 million) for cash consideration.

The Acquisitions constitute a discloseable transaction for the Company under the Listing Rules. A circular containing further particulars on the Acquisitions will be dispatched to the shareholders of the Company as soon as possible.

Reference is made to the announcement of the Company dated 15 October 2008.

#### **THE ACQUISITIONS**

Data Modul Shares are listed on the Frankfurt Stock Exchange. During the 12-month period from

16 October 2007 to 15 October 2008 (the date when the last acquisition took place), Varitronix Investment acquired on-market an aggregate of 413,340 Data Modul Shares representing approximately 12.9% of the current issued common stock of Data Modul.

As the Acquisitions are on-market transactions, the Company is not aware of the identity of the sellers of the relevant Data Modul Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the sellers and their ultimate beneficial owners of the sellers (if any) are third parties independent of the Company and its connected persons.

The consideration was determined with reference to market prices quoted on the Frankfurt Stock Exchange at the relevant time when the transactions under the Acquisitions were carried out and was settled in cash utilizing the Group's internal funding. The Directors consider the price of each transaction under the Acquisitions fair and reasonable.

### **INFORMATION ON DATA MODUL**

Data Modul is a manufacturer of complete flat display monitors in liquid crystal displays and plasma technology for the industrial and professional areas and is principally engaged in the development, production and sale of products including display components, subassembly products, and special display monitors for ship navigation, medical and rugged industrial applications. Data Modul is also engaged in the development of airport information systems, railway passenger information systems and retail business systems.

Data Modul is a long-term customer of the Group and a joint venture partner in the Group's customer liaison subsidiary in Germany. Over the years, the Group has been selling various liquid crystal display products to Data Modul which in turn will distribute the Group's products in Europe. As a 40% shareholder of the Group's 60% owned subsidiary in Germany, Data Modul is a connected person of the Company for the purposes of the Listing Rules. The Company will issue a separate announcement in respect of the continuing product sales by the Group to Data Modul as required under Chapter 14A of the Listing Rules in due course.

Based on the latest unaudited consolidated financial statements of Data Modul, the unaudited total assets and net asset value of Data Modul as at 30 June 2008 were approximately Euro 76.8 million (equivalent to approximately HK\$798.7 million) and approximately Euro 30.6 million (equivalent to approximately HK\$318.2 million) respectively.

Based on the latest audited consolidated financial statements of Data Modul for the year ended 31 December 2007, the profit of Data Modul for the financial years ended 31 December 2006 and 31 December 2007 were as follows:

	For the year ended 31 December			
	2007		2006	
	Euro '000	equivalent HK\$'000	Euro '000	equivalent HK\$'000
Profit before tax	8,930	92,872	4,028	41,891
Profit/ (Loss) after tax				
- continued operations	7,365	76,596	2,941	30,586
- discontinued operations	(2,337)	(24,305)	1,056	10,982
Total	5,028	52,291	3,997	41,568

### **SHAREHOLDING INTERESTS OF THE GROUP IN DATA MODUL**

Apart from the Acquisitions, the Group acquired 120,000 Data Modul Shares on market at a total consideration of approximately Euro 2.5 million (equivalent to approximately HK\$26.7 million) prior to 16 October 2007. As of the date of this announcement, the Group owned in aggregate 533,340 Data Modul Shares, representing approximately 16.6% of the existing Data Modul Shares in issue.

Presently, the Group's investments in Data Modul are accounted for in the Group's financial statements as non-current available-for-sale financial assets the book value of which is marked to the market value of Data Modul Shares as at the relevant balance sheet date. Any change in the market fair value of such investments will be reflected in the Group's fair value revaluation reserve.

### **REASONS FOR THE ACQUISITION**

The Group has established a long-term business relationship with Data Modul. The Company has decided to invest in Data Modul after having considered various factors including, the market position, the profit record and growth momentum of Data Modul and consider the Acquisitions to be in the interests of the Company and its shareholders as a whole. Depending on the market conditions, the Company may from time to time make further on-market acquisitions of Data Modul Shares. The Company will comply with the Listing Rules in respect of such further acquisitions of Data Modul Shares.

### **GENERAL**

The Company is principally engaged in the design, manufacture and sale of liquid crystal displays and related products.

The Acquisitions constitute a discloseable transaction for the Company under the Listing Rules. A circular providing further particulars on the Acquisitions will be dispatched to the shareholders of the Company as soon as reasonably practicable. An announcement in respect of the continuing product sales by the Group to Data Modul will be issued as soon as possible.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisitions”	the purchases of an aggregate of 413,340 Data Modul Shares on the Frankfurt Stock Exchange during the 12-month period from 16 October 2007 to 15 October 2008 for an aggregate consideration of Euro 6.1 million (equivalent to approximately HK\$66.7 million)
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Varitronix International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Data Modul”	Data Modul AG, a company founded in Germany with limited liability, the shares of which are listed on the Frankfurt Stock Exchange
“Data Modul Share(s)”	common share(s) in the share capital of Data Modul
“Directors”	the directors of the Company
“Frankfurt Stock Exchange”	the stock exchange located in Frankfurt, Germany which is owned and operated by Deutsche Börse
“Germany”	the Federal Republic of Germany
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Varitronix Investment”	Varitronix Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Euro”	the official currency of the European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

**By order of the Board**  
**Varitronix International Limited**  
**Ko Chun Shun, Johnson**  
*Chairman*

Hong Kong, 20 October 2008

*As at the date of this announcement, the Board comprises six directors, of which Mr. Ko Chun Shun, Johnson, Mr. Tsoi Tong Hoo, Tony and Mr. Ho Te Hwai, Cecil are Executive Directors, and Dr. Lo Wing Yan, William J.P., Mr. Yuen Kin and Mr. Hou Ziqiang are Independent Non-executive Directors.*

*For the purposes of illustration, Euro is converted into HK\$ at a rate of Euro 1.0 = HK\$10.4 in this announcement, save for the Company’s acquisitions of Data Modul Shares in the past in respect of which Euro is converted into HK\$ at the prevailing market rate at the time of acquisitions.*