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VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

VOLUNTARY WINDING-UP OF A SUBSIDIARY AND PROFIT WARNING

VOLUNTARY WINDING-UP OF VARITRONIX MARKETING

The Board wishes to inform the Shareholders and potential investors of the Company that on 30 December 2009, written resolutions were passed by the sole shareholder of Varitronix Marketing to voluntarily wind up Varitronix Marketing and to appoint Messrs. Lai Kar Yan, Derek and Darach E. Haughey of Deloitte Touche Tohmatsu as joint and several liquidators for the winding-up of Varitronix Marketing. Varitronix Marketing is an indirect wholly-owned subsidiary of the Company. Varitronix Marketing is and will continue to be able to discharge or pay or provide for the payment of all its claims, debts, liabilities and other obligations in full.

PROFIT WARNING

As a result of the voluntary winding-up of Varitronix Marketing, the Company estimates that a significant amount of the carrying value of the assets of the Varitronix Marketing Group would be written off due to diminished recoverability of the carrying value of such assets. It is expected that the Group will report a consolidated net loss for year ending 31 December 2009, as compared with a consolidated net profit of the Group for the year ended 31 December 2008, primarily due to the aforesaid write-off of the carrying value of the assets of the Varitronix Marketing Group and the factory relocation cost that was incurred during the six months ended 30 June 2009 (as stated in

the Interim Report 2009 of the Company) in order to streamline the Group's manufacturing operation.

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

VOLUNTARY WINDING-UP OF VARITRONIX MARKETING

The Board wishes to inform the Shareholders and potential investors of the Company that on 30 December 2009, written resolutions were passed by the sole shareholder of Varitronix Marketing to voluntarily wind up Varitronix Marketing and to appoint Messrs. Lai Kar Yan, Derek and Darach E. Haughey of Deloitte Touche Tohmatsu as joint and several liquidators for the winding-up of Varitronix Marketing. Varitronix Marketing is and will continue to be able to discharge or pay or provide for the payment of all its claims, debts, liabilities and other obligations in full.

INFORMATION ON VARITRONIX MARKETING

Varitronix Marketing is an indirect wholly-owned subsidiary of the Company. Varitronix Marketing holds a 99% shareholding interest in Varitronix Pengyuan. The remaining 1% shareholding interest in Varitronix Pengyuan is held by Varitronix Shenzhen Linkscore Limited (深圳市精電年加貿易有限公司), an indirect wholly-owned subsidiary of the Company. The Varitronix Marketing Group is principally engaged in the design, manufacture and sale of TFT-LCDs for the mobile phone market in the PRC. As the consolidated revenue of the Varitronix Marketing Group for the year ended 31 December 2008 represents more than 5% of the consolidated revenue of the Group for the year ended 31 December 2008, and the consolidated total assets of the Varitronix Marketing Group as at 30 June 2009 represents more than 5% of the consolidated total assets of the Group as at 30 June 2009, Varitronix Marketing is considered a "major subsidiary" of the Company for the purposes of Rule 13.25(2) of the Listing Rules.

REASONS FOR VOLUNTARY WINDING-UP OF VARITRONIX MARKETING

The Varitronix Marketing Group reported significant consolidated net losses for year ended 31 December 2008 and for the six months ended 30 June 2009. As set out in the Interim Report 2009 of the Company, the demand for mobile phone handsets in the PRC has weakened since last year and the competition amongst manufacturers has remained fierce. This led to the slowdown of the Group's TFT-LCD business and continuous decline in the selling prices of the Group's TFT-LCD products for the PRC mobile phone market. The Group therefore adopted a conservative strategy and reviewed its TFT-LCD business for the PRC mobile phone market. The

Company anticipates that the PRC mobile phone market will remain competitive thus putting pressure on the prices of TFT-LCD for mobile phones in the PRC. In view of the above, the Board resolved to voluntarily wind up Varitronix Marketing. As a result of the winding-up of Varitronix Marketing, the Group would be able to focus its resources on its other businesses including the design, manufacture and sale of display for the automobile and industrial markets in the PRC, Europe, North America and Korea.

PROFIT WARNING

As a result of the voluntary winding-up of Varitronix Marketing, the Company estimates that a significant amount of the carrying value of the assets of the Varitronix Marketing Group will be written off due to diminished recoverability of the carrying value of such assets. However, the amount of the carrying value of the assets to be written off is not finalised yet. It is expected that the Group will report a consolidated net loss for year ending 31 December 2009, as compared with a consolidated net profit of the Group for the year ended 31 December 2008, primarily due to the aforesaid write-off of the carrying value of the assets of the Varitronix Marketing Group and the factory relocation cost that was incurred during the six months ended 30 June 2009 (as stated in the Interim Report 2009 of the Company) in order to streamline the Group's manufacturing operation.

The above-mentioned financial information has not been audited by the Company's auditors. Shareholders and potential investors are advised to read carefully the audited annual results of the Group for the year ending 31 December 2009 which will be announced in due course and the related annual report which will be published subsequently.

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

GENERAL INFORMATION

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

As at the date of this announcement, the Board comprises seven Directors, of which Mr. Ko Chun Shun, Johnson, Mr. Tsoi Tong Hoo, Tony, Mr. Yuen Kin and Mr. Ho Te Hwai, Cecil are executive Directors and Dr. Lo Wing Yan, William J.P., Mr. Chau Shing Yim, David and Mr. Hou Ziqiang are independent non-executive Directors.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Varitronix International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement
“Shareholder(s)”	holder(s) of the shares of HK\$0.25 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TFT-LCD”	thin film transistor liquid crystal display
“Varitronix Marketing”	Varitronix Marketing (China) Limited, a company incorporated in the BVI
“Varitronix Marketing Group”	Varitronix Marketing and its subsidiary, Varitronix Pengyuan
“Varitronix Pengyuan”	Varitronix Pengyuan Electronics Limited (北京精電蓬遠電子有限公司), a company established in the PRC and a 99% owned subsidiary of Varitronix Marketing

“%”

per cent.

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

Hong Kong, 30 December 2009