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ALCO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code 0328)



VARITRONIX

VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(stock code 0710)

JOINT ANNOUNCEMENT

DISCLOSABLE TRANSACTION REGARDING AN ACQUISITION OF SHARES BY A CONSORTIUM COMPANY

On 15 November 2007, Alco, Varitronix and Prime View formed the Consortium and submitted the Bid Letter to the Financial Advisor for the proposed Acquisition. Subsequent to the submission of the Bid Letter, a MOU has been entered into between the parties for the formal bidding of BOE Hydys at the Bid Price on 21 November 2007. In connection with the Bid and the transaction contemplated thereunder, the Consortium entered into an Agreement with SCI on the same date, pursuant to which the parties of the Consortium agreed to purchase and subscribe the shares in SCI in proportion to their respective contributions under the Bid.

The Bid Price of KRW 260 billion (approximately HK\$2,193.88 million) (subject to adjustment) will be paid by SCI. Each of Prime View, Alco and Varitronix shall contribute directly or indirectly to SCI and/or pay for their respective portions of shares in SCI in accordance to the proportion of their respective contributions to the proposed Acquisition. Pursuant to the Agreement, SCI's share capital will be contributed as to 78% by Prime View (equals to KRW202,800 million or approximately HK\$1,711.22 million), as to 11% by Alco (equals to KRW28,600 million or approximately HK\$241.33 million) and as to 11% by Varitronix (equals to KRW28,600 million or approximately HK\$241.33 million) respectively. It is currently intended that the Bid Price will be funded by internal resources of each of Alco and Varitronix.

The proposed Agreement and the transaction contemplated thereunder constitute a disclosable transaction in respect of Alco and Varitronix under Chapter 14 of the Listing Rules, a circular containing, among other things, details information of the transaction contemplated under the Agreement will be despatched to the shareholders of Alco and Varitronix as soon as possible.

INTRODUCTION

On 15 November 2007, Alco, Varitronix and Prime View formed the Consortium and submitted the Bid Letter to the Financial Advisor for the proposed Acquisition. Subsequent to the submission of the Bid Letter, an MOU has been entered into between the parties for the formal bidding of BOE Hydys at the Bid Price on 21 November 2007. In connection with the Bid and the transaction contemplated thereunder, the Consortium entered into an Agreement with SCI on the same date, pursuant to which the parties of the Consortium agreed to purchase and subscribe the shares in SCI in proportion to their respective contributions under the Bid.

The proposed Agreement and the transaction contemplated thereunder constitute a disclosable transaction in respect of Alco and Varitronix under Chapter 14 of the Listing Rules, a circular containing, among other things, details information of the transaction contemplated under the Agreement will be despatched to the shareholders of Alco and Varitronix as soon as possible.

THE AGREEMENT

The parties entered into a legally binding agreement with principal terms summarized as below:

Date: 21 November 2007

Parties: (1) Alco;
(2) Varitronix;
(3) Prime View; and
(4) SCI.

SCI: SCI is an investment holding company incorporated under the laws of the British Virgin Islands. Since incorporation in September 2007, SCI has not engaged in any business or operation. Pursuant to the Agreement, the parties of the Consortium agreed to subscribe shares (directly or indirectly) in SCI in proportion to their respective contributions to the proposed Acquisition. The consideration for the shares in SCI will be used for the proposed Acquisition.

Pursuant to the Agreement, SCI's share capital will be contributed as to 78% by Prime View (equals to KRW202,800 million or approximately HK\$1,711.22 million), as to 11% by Alco (equals to KRW28,600 million or approximately HK\$241.33million) and as to 11% by Varitronix (equals to KRW28,600 million or approximately HK\$241.33million) respectively. It is currently intended that the Bid Price will be funded by internal resources of each of Alco and Varitronix.

THE MOU

Pursuant to the MOU, details of the Bid and the proposed Acquisition thereof are as follow:

MOU Date: 21 November 2007

Subject matter: Sale Shares approximately representing 95% of the total issued share capital of BOE Hydys. BOE Hydys is a company incorporated in Korea currently subject to a rehabilitation process under the supervision of the bankruptcy Court in Korea.

Parties: (1) Alco;
(2) Varitronix; and
(3) Prime View, together as the "Consortium".

To the best of the Alco Directors' and Varitronix Directors' knowledge, information and belief and having made all reasonable enquiries, BOE Hydys and its ultimate beneficial owner(s), are third parties independent of the Alco Group and the Varitronix Group and their respective connected persons.

Bid Price: KRW 260 billion (approximately HK\$2,193.88 million) subject to adjustment.

Payment: The entire amount of the Bid Price to be paid in accordance with the following timetable:

1. 5% of the Bid Price, being the Performance Deposit (as defined in the MOU) payable upon receipt of the notification from BOE Hydys and the Financial Advisor that the Consortium has been selected as one of the preferred bidders.

If the MOU is terminated before the execution of the Definitive Agreement by reason not attributable to the Consortium, the Performance Deposit (including the interest accrued thereof) shall be fully returned to the Consortium.

2. 10% of the Bid Price, being the Contract Deposit (as defined in the MOU) payable upon execution of the Definitive Agreement. The Performance Deposit (including the interest accrued thereon) deposited by the Consortium after its selection as a preferred bidder, shall be applied towards the Contract Deposit.
3. the balance of the Bid Price payable 3 business days prior to the holding of the meeting approving the resolution of the amended Rehabilitation Plan (if so required) or if the meeting is not so required, within 45 days from the execution of the Definitive Agreement.

- Price Adjustment:** Upon completion of the due diligence, if the difference between the total amount of the assets and liabilities of BOE Hydis is more than 5% of the amount as calculated by the Financial Advisor on 30 June 2007, and such difference is due to a material and clear error or omission in the due diligence report, the Consortium is entitled to make a price adjustment request subject to certain conditions as stated in the MOU.
- Other terms:** Pursuant to the MOU, 50% of any shares of BOE Hydis to be acquired by the Consortium under the proposed Acquisition must be deposited with the Korea Securities Depository for a period of one year in accordance with the “Guidelines for the M&A of Companies in Corporate Rehabilitation Proceedings” issued by the Court. Neither Alco, Varitronix nor Prime View may divest such shares within the prescribed period.
- The selection of the final preferred bidder is at the sole discretion of BOE Hydis and the Financial Advisor, subject to obtaining the approval of the Court.
- Due Diligence:** The Consortium will conduct an accounting and legal due diligence investigation on BOE Hydis for ten days from the date of the MOU. The Consortium is entitled to extend the due diligence period for a maximum of 10 days subject to the Court approval of the revised Rehabilitation Plan.
- Rehabilitation Plan:** BOE Hydis had filed for a court receivership in September 2006 and is currently subject to a rehabilitation process under the supervision of the bankruptcy Court in Korea. A Rehabilitation Plan for BOE Hydis was approved and initiated by the Court to pursue recovery efforts and management normalization of BOE Hydis. The Rehabilitation Plan seeks to enhance BOE Hydis’s competitiveness through restructuring such as augmenting operational capabilities, downsizing, labor force and employees’ voluntary salary suspension and to complete a sale of BOE Hydis.

INFORMATION ON ALCO AND VARITRONIX

The principal activity of Alco is investment holding. The Alco Group is principally engaged in design, manufacture and sale of consumer electronic products. Prime View is a supplier of LCD panels to Alco. Save as disclosed, Alco does not have any other relationship or prior transactions with each of Varitronix, Prime View, SCI and BOE Hydis and their respective ultimate beneficial owners which would require to be aggregated with the proposed Acquisition under the Listing Rule.

To the best of knowledge, information and belief of the Alco Directors having made all reasonable enquiries, each of Varitronix, Prime View and SCI and their respective ultimate beneficial owners are Independent Third Parties.

The principal activity of Varitronix is investment holding. The Varitronix Group is primarily engaged in design, manufacture and sale of LCD and related electronic products. Prime View and BOE Hydis are suppliers of LCD panels and related electronic products to Varitronix. Save as disclosed and to the best of knowledge, information and belief of the Varitronix Directors having made all reasonable enquiries, Varitronix does not have any other relationship or prior transaction with each of Alco, Prime View, SCI and BOE Hydis and their respective ultimate beneficial owners which would require to be aggregated with the proposed Acquisition under the Listing Rule.

To the best of knowledge, information and belief of the Varitronix Directors having made all reasonable enquiries, each of Alco, Prime View and SCI and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION OF BOE HYDIS

BOE Hydis is principally engaged in the business of developing, manufacturing and supplying of Thin Film Transistor LCD (also known as TFT-LCD) products and is one of the world's leading manufacturers of TFT-LCD panels. BOE Hydis was originally part of Hyundai Electronics' business division in 1989. In 2001, BOE Hydis was spun off from Hyundai Electronics and was renamed as Hydis which subsequently established its corporate name "BOE Hydis Technology" in November 2002. Thereafter, Hydis was acquired by BOE Group of China but went into financial difficulties in September 2006 and has since been under court receivership. In May 2007, the Court in Korea approved the company's current financial Rehabilitation Plan.

As Alco and Varitronix will be conducting the legal and financial due diligence investigation, the financial information required under Rule 14.58(6) and (7) is not available to disclose at this stage, Alco and Varitronix have made written applications to the Stock Exchange for a waiver from strict compliance of Rule 14.58(6) and (7). Further financial information regarding the value of BOE Hydis and its net profits (or loss, as the case may be) attributable to it for the two financial years immediately preceding to the proposed Acquisition will be disclosed in the circular and separate announcement to be issued by Alco and Varitronix in due course.

INFORMATION ON PRIME VIEW

Prime View was established in June 1992 and is principally engaged in the research development, manufacturing and sales of small-to-medium sized thin-film transistor liquid crystal display (TFT-LCD) as well as e-paper display ("EPD") panel and module products.

REASONS FOR THE ACQUISITION

In view of the current shortage of the supply of small-size TFT-LCD panels, the Alco Directors and the Varitronix Directors consider that the proposed Acquisition provides an opportunity for both Alco and Varitronix to seek a steady supply of small-size TFT-LCD panels for their manufacturing businesses in the related electronic products. The Bid Price of the proposed Acquisition has been arrived based on relevant market references of similar business nature of BOE Hydis through the process of public bidding. Alco and Varitronix will record the proposed Acquisition as investment under their respective

group's balance sheets. Accordingly, the Alco Directors and the Varitronix Directors (including independent non-executive directors of each of Alco and Varitronix) are of the view that the terms and conditions of the proposed Acquisition and the Agreement are fair and reasonable, are on an arm's length basis and are in the interests of both the Alco Group and the Varitronix Group and their respective shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	means the acquisition of the Sale Shares on the terms contained in the MOU;
“Agreement”	an agreement entered into between each parties of the Consortium and SCI dated 21 November 2007;
“Alco”	Alco Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange;
“Alco Directors”	directors of Alco;
“Alco Group”	Alco and its subsidiaries;
“associates”	has the same meaning ascribed to such term under the Listing Rules;
“Bid”	the bid offer submitted by the Consortium for the proposed Acquisition;
“Bid Letter”	a letter of intent regarding the Bid signed and delivered to Financial Advisor by the Consortium on 15 November 2007;
“Bid Price”	the price of the proposed Acquisition of up to KRW260 billion, subject to adjustments and other terms and conditions under the MOU and the Definitive Agreement;
“BOE Hydis”	BOE Hydis Technology Co. Ltd, a company incorporated in Korea;
“Consortium”	means collectively Alco, Varitronix and Prime View established for the purpose of the proposed Acquisition;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Court”	Seoul Central District Court;
“Definitive Agreement”	a formal written agreement to be entered into upon acceptance as the final preferred bidder selected by BOE Hydis and its Financial Advisor in respect of the proposed Acquisition;
“Financial Advisor”	Samil PricewaterhouseCoopers, the financial advisor of BOE Hydis appointed by the Court in respect of the Bid;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	Party/parties who, to the best of the knowledge, information and belief having made all reasonable enquiries of each of Varitronix Directors and Alco Directors, is/are third part/parties independent of Varitronix and Alco and their respective connected persons;
“KRW”	Korean Won, the lawful currency of Korea;
“Korea”	The Republic of Korea;
“LCD”	liquid crystal displays;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MOU”	means the legally binding auction confirmation dated 21 November 2007 signed by the Consortium relating to the sale and purchase of the Sale Shares;
“Prime View”	Prime View International Co. Ltd., a company organized and existing under the laws of Taiwan, Republic of China;
“Rehabilitation Plan”	a company restructuring plan approved by the bankruptcy Court of Korea and the existing creditors of BOE Hydis;
“SCI”	Supreme Century International, a joint venture entity incorporated in the British Virgin Islands with limited liability;
“Sale Shares”	a combination of 31,200,000 new common shares in the capital of BOE Hydis and nominal KRW104 billion of corporate bonds to be issued by BOE Hydis, in aggregate representing approximately 95% of the entire issued share capital of BOE Hydis as at the date of this announcement;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Varitronix”	Varitronix International Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Varitronix Directors”	directors of Varitronix;
“Varitronix Group”	Varitronix and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%”	per cent.

The exchange rate used in this announcement of HK\$1.00 to KRW118.51 is for illustrative purposes only. No representation is made that any amounts in KRW or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the board
ALCO HOLDINGS LIMITED
Leung Kai Ching, Kimen
Chairman

By Order of the board
VARITRONIX INTERNATIONAL LIMITED
Johnson Ko Chun Shun
Chairman

Hong Kong, 22 November 2007

The board compositions of each of Alco and Varitronix as at the date of this announcement is as follow:

ALCO

Executive Directors:

Mr. Leung Kai Ching, Kimen
Mr. Leung Wai Sing, Wilson
Mr. Kuok Kun Man, Andrew

Independent non-executive Directors:

Mr. Wong Po Yan
The Hon Li Wah Ming, Fred
Mr. Lau Wang Yip, Derrick

VARITRONIX

Executive Directors:

Mr. Johnson Ko Chun Shun
Mr. Tony Tsoi Tong Hoo
Mr. Cecil Ho Te Hwai

Independent non-executive Directors:

Dr. William Lo Wing Yan
Mr. Yuen Kin
Mr. Hou Ziqiang