



[Press Release]

## Varitronix Announced Annual Results of 2010

[24 March 2011 – Hong Kong] Varitronix International Limited and its subsidiaries (“Varitronix” or the “Group”/ Stock code: 710) today announced its annual results for 2010. For the year ended 31 December 2010, the Group achieved turnover of HK\$2,256 million, representing a 24% increase over the HK\$1,817 million reported in 2009. Profit from continuing operations was HK\$268 million, a 406% rise as compared to the HK\$53 million in the previous year. Profit attributable to shareholders was HK\$210 million, versus a loss of HK\$268 million in 2009.

The Board of Directors (the “Board”) has recommended a final dividend of 21.0 HK cents per share (2009: 1.0 HK cent). Together with the interim dividend of 5.5 HK cents (2009: 1.0 HK cent), the total dividend for 2010 amounted to 26.5 HK cents per share (2009: 2.0 HK cents).

During the period, the Group has restructured its business mix. In particular, it has reallocated resources to the development of automotive and industrial display businesses, which have a higher profit margin. The expanded production capacity has also magnified the effect of the higher margin business mix. As a result, gross profit margins for the full year increased from 16% to 20%.

### **Business Review**

During the year under review, revenue from the Group’s automotive display business was HK\$1,196 million, amounting to a rise of 51% over 2009. This business segment generated 53% of the Group’s total turnover and was the main driving force of growth. Over the past five years, turnover generated by our automotive display business has increased three-fold.

During the period under review, the turnover from the industrial display business was HK\$774 million, representing 26% growth as compared to the previous year. The key markets for the Group’s industrial display business are primarily Europe and the US.

In addition, the Group began mass production of 3D eyeglasses for the 3D TV market in the second half of 2010. This new business contributed to the Group’s profitability.

## **Prospects**

With regards to the Group's automotive display business, the sales of automotive displays to Europe has climbed steadily since mid-2010 and the growth momentum for this market is expected to be sustained. At the same time, the Group expects to see a slight weakening of sales in Asia, as there is a surge of competition in the Korean market. The PRC has become the world's largest automobile market, and the Group is focused on capturing the tremendous market potential. Under improved market sentiment, the demand for industrial displays such as those for medical products, home appliances and electricity meters is expected to grow steadily in 2011.

As the leader of the monochrome display market, the Group believes that there is still ample room for development. While a focus will be placed on monochrome displays, the Group will continue to actively develop automotive and industrial TFT (Thin Film Transistor Liquid Crystal) products.

Mr Tony Tsoi, Chief Executive Officer of Varitronix concluded, "Amidst the environment of rising costs, Varitronix's strategy is to focus on increasing profit margins rather than expanding production volume. We will target three main areas: 1) Adopt a disciplined approach, with a focus on improving production processes and production efficiency in order to reduce operating costs. 2) Adjust product price upwards. To offset the impact of price increase, we will continue to add value through innovative technologies, professional service and comprehensive quality assurance systems. 3) Adjust business portfolio from time to time according to market conditions so as to increase the overall profitability."

— End —

## **About Varitronix**

Established in 1978, Varitronix is one of the world's leading manufacturers of small-to-medium-sized liquid crystal displays (LCDs). Varitronix serves customers around the world through its extensive sales network. Its manufacturing base is located in Heyuan, Guangdong Province. Varitronix holds ISO9001, TS16949, ISO14001, QC080000 and OHSAS18000 accreditation. The Company has been listed on The Stock Exchange of Hong Kong since 1991 (stock code: 710). Please visit [www.varitronix.com](http://www.varitronix.com) for more information.

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