



[Press Release]

Varitronix Announces 2012 Annual Results

[22 March 2013 – Hong Kong] Varitronix International Limited and its subsidiaries (“Varitronix” or the “Group” / Stock code: 710) today announced its annual results for 2012. For the year ended 31 December 2012, the Group achieved a turnover of HK\$2,222 million, representing an increase of 4% as compared to HK\$2,131 million in 2011. EBITDA was HK\$279 million, around 4% lower than the HK\$292 million recorded in the previous year. Profit attributable to shareholders was HK\$171 million, compared to HK\$168 million in 2011.

In terms of geographical allocation, Europe contributed around 39%, the PRC and Hong Kong came second, contributed around 30%. The remaining portion was generated from a combination of the America and other regions. As at 31 December 2012, the cash balance of the Group was HK\$464 million, increased 19% from HK\$391 million at the end of 2011.

The Board of Directors of the Group has recommended a final dividend of 20.0 HK cents per share (2011: 15.5 HK cents). Together with the interim dividend of 8.0 HK cents (2011: 11.0 HK cents), the total dividend for 2012 amounted to 28.0 HK cents per share (2011: 26.5 HK cents), representing a dividend payout ratio of 53% (2011: 51%). This year’s level of dividend payment reflects the Group’s strong cash flow position. Capital investment in new plant construction in 2012 notwithstanding, the dividend payout ratio increased compared to last year.

Business Review

Revenue from the Group’s automotive display business was HK\$1,404 million, representing an increase of 16% as compared to 2011. The automotive display business generated 63% of the Group’s total turnover. Europe is still the largest automotive display market for the Group.

Turnover from the automotive display business increased markedly in the second half of 2012 as compared to the first half of the year. As well as orders from the European region, there were additional increases in orders from Korea, the United States and some developing regions such as Brazil and India.

In the PRC, the automotive display business developed rapidly during the year under review. It is now an important market for the Group. The Group invested resources in developing the Japan market, gaining trust and starting to win orders from this particular group of customers.

Turnover from the industrial display business was HK\$818 million, representing an 11% decrease as compared to 2011. This business contributed 37% of total turnover. Europe and the America are the key markets for this business.

The debt crisis in the Eurozone weakened consumer appetite in 2012. The situation negatively affected the industrial display business of the Group. Business in the America was stable. During the year under review, orders for meter displays and medical products increased. There remains

ample development space for this region.

Prospects

With the continuing expansion of monochrome display applications in the automotive and industrial sectors, more scope for growth in this market is expected. Supported by new product development, enhanced product features, improved quality and services tailored to customer specifications, the Group believes it will be able to create greater product value and command higher average selling prices.

It is estimated that the automotive display business will achieve satisfactory growth in 2013. This is because the scale of the automotive display market will further expand, thus creating more business opportunities for the Group.

The industrial display business will continue to develop steadily in 2013. The Group believes the worst situation has passed. The priority of the European governments now is to stimulate consumption and improve exports, and the Group will seize this opportunity to put its industrial business in Europe back on the rising track. The industrial display business in the America will see continued growth at a steady pace. The Group intends to expand its customer network there by dedicating resources to untapped states in the US.

The Group's TFT (thin-film transistor) business is focused on automotive applications. The Group is committed to expanding its presence in the more sophisticated product segments. TFT orders have continued to increase and mass production will start on a number of projects in the coming years.

In early 2012 the Group set up a dedicated unit to develop its touch-panel display business. Within a year, progress has been achieved and new orders received. Currently, industrial application of touch panels is rather limited. This is an area where the Group can make the most of its operating model and tap into the tremendous growth potential of the industrial market. Varitronix hopes to see TFT and touch panel businesses becoming a major source of income.

With productivity enhancement as a mission, management of Varitronix is placing high hopes on its new production plant, which will come into operation in phases during 2013. It will ensure that the productivity levels are maintained at a high standard. In this way Varitronix will be well positioned to capitalise on business opportunities, and further expand its market share in the monochrome display products sector in particular.

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About Varitronix

Established in 1978, Varitronix is one of the world's leading manufacturers of small-to-medium-sized liquid crystal displays (LCD). Varitronix serves customers around the world through its extensive sales network. Its manufacturing base is located in Heyuan, Guangdong Province. Varitronix holds ISO 9001, TS 16949, ISO 14001, 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 for more information.

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