



[Press Release]

Varitronix to Focus on Emerging Markets

Highlights

- Turnover: HK\$ 2,412 million (2007: HK\$2,618 million)
- Profit attributable to shareholders: HK\$ 15 million (2007: HK\$260 million)
- Total dividend per share for 2008: 13 HK cents (2007: 38 HK cents)
- The Group has implemented the following initiatives to face the challenges presented by the global economic downturn:
 - Enhanced risk management
 - Commitment to established corporate strategies
 - Focus on emerging markets

[22 April 2009 – Hong Kong] Varitronix International Limited and its subsidiaries (“Varitronix” or the “Group”/ Stock code: 710) today announced its annual results for 2008. For the year ended 31 December 2008, the Group recorded a turnover of HK\$2,412 million as compared to the previous year’s HK\$2,618 million, representing a decline of 8%. Profit from operations was HK\$25 million and profit attributable to shareholders was HK\$15 million, representing declines of 91% and 94% respectively as compared to 2007.

The Board of Directors has recommended a final dividend of 1 HK cent (2007: 26 HK cents) per share. Combined with the interim dividend of 12 HK cents (2007: 12 HK cents) per share, the total dividend for 2008 amounts to 13 HK cents (2007: 38 HK cents) per share.

Business Review

In the first half of 2008, a satisfactory performance was achieved by the automotive and high-end industrial businesses, with a substantial proportion of orders coming from Europe. However, sales for mobile phone displays in the Mainland China softened. Despite the challenging operating conditions for manufacturers, the Group as a whole was able to record increased profitability in the first half, as compared to the same period last year.

However, the widespread effects of the global financial turmoil did impact the Group’s performance in the fourth quarter of 2008. By this point, the economic downturn was in full force, with Europe and America being the worst hit. Automobile sales ground to a near halt. As a key supplier of automotive

displays, this has had a significant impact on the Group. The Group's sales in the fourth quarter declined significantly and this affected the overall 2008 results.

Prospects

Although the Group's performance was adversely impacted by the effects of the global financial crisis, it will not waver from its commitment to continue to develop its business. The Group will continue to maintain its "two-pronged product strategy" by focusing efforts in the automotive and high-end industrial display sectors, as well as mobile handset and consumer product displays. In addition, the Group will also focus on the emerging markets such as the Mainland China, South Korea and India. These markets have been relatively less affected by the financial crisis and are expected to make a quicker recovery.

The Group has invested in the expansion of the LCD production line and strengthened existing assembly facilities in its Heyuan plant in 2008. The line is capable of producing more advanced products, thereby improving the Group's competitiveness in the high-end display sector. The Group believes that continued investment in its production facilities during the economic downturn would better prepare it to take advantage of any business opportunities that arise.

Mr Tony Tsoi, Chief Executive Officer of Varitronix, said, "The swift market downturn has continued into the beginning of 2009. While orders are now on the increase, order flow is less than stable and the outlook remains uncertain."

"In view of this unstable market situation, the Group will adhere to its established strategies including: (1) improve control of product and materials inventory in order to preserve cash; (2) maintain our product mix and R&D efforts for high-end displays; (3) accelerate the development of emerging markets. At the same time, the management will also address internal weaknesses and maintain discipline in the ever-changing market conditions," added by Mr Tsoi.

□ 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 bases are located in Shenzhen and Heyuan, Guangdong Province. Varitronix holds ISO 9001, TS 16949, ISO 14001 and QC080000 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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