

## VARITRONIX ANNOUNCES 2004 ANNUAL RESULTS

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### TURNOVER AND NET PROFIT UP 57% AND 28% RESPECTIVELY ACHIEVES DIVERSIFIED REVENUE MIX

For the year ended December 31, 2004	<b>2004</b>	<b>2003</b>	<b>% Change</b>
Turnover	HK\$2,006 million	HK\$1,275 million	+ 57%
Profit Attributable to Shareholders	HK\$193 million	HK\$151 million	+ 28%
EPS			
■ Basic	HK62 cents	HK49 cents	+ 27%
■ Diluted	HK61 cents	HK49 cents	+ 24%
DPS			
■ Interim	HK10 cents	HK7 cents	+ 43%
■ Final	HK28 cents	HK22 cents	+ 27%
Dividend Payout Ratio	61%	59%	-
Liquid Portfolio	HK\$820 million	HK\$819 million	-

(Hong Kong, April 18, 2005) – Leading Liquid Crystal Display (LCD) manufacturer Varitronix International Limited (“Varitronix” / the “Group”) (stock code 710) today announced its annual results for the year ended December 31, 2004. The Group’s turnover increased 57% to HK\$2,006 million. Net profit rose by 28% to HK\$193 million, giving a basic earning per share of HK62 cents. The Board of Directors has recommended the payment of a final dividend of HK28 cents per share. Together with interim dividend of HK10 cents per share, the total dividend for the year amounts to HK38 cents per share.

**Dr. C. C. Chang, Chairman of Varitronix,** said, “2004 was an encouraging year for Varitronix. On top of our robust sales growth in the telecommunication market in the PRC, we also achieved satisfactory growth in the consumer, industrial and automotive sectors, enabling us to maintain a balanced product portfolio and achieve geographical diversification.”

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The Hong Kong and PRC market performed exceptionally well for the Group. Turnover from the market grew a significant 123% to HK\$941 million and accounted for 47% of the Group's total turnover, surpassing Europe to become the Group's largest market. This was mainly attributable to the strong demand for LCD displays in handsets in the PRC market. Led by Korea, a fast-growing market for personal digital entertainment products, the rest of the Asian market also expanded and contributed 15% of the total turnover. Europe, which accounted for 32% of the total turnover, remained as the major market for the Group's automotive and industrial products which have higher margins. North America accounted for the remaining 4%.

In terms of product segments, there was a remarkable growth in the telecommunication sector. Recently, with the price gap between CSTN-LCD and TFT-LCD narrowing, the latter has been gaining popularity in the market. During the year, the Group shipped substantial amounts of TFT-LCD for handsets, which brought a significant growth in revenue.

Thanks to its persistent investment in the automotive sector, the Group secured solid businesses from international renowned clients and established a strong foothold in Europe. Its quality products not only met the strict requirements on safety and reliability of the industry, but also won for it the TS 16949 accreditation, facilitating the introduction of automotive products to the Asian market. Additionally, the Group's industrial/consumer sector also performed well and recorded double digit growth during the year. It has been focusing its efforts on expanding this sector by tailoring LCD products to meet specific customer requirements, thus has been able to enjoy higher profit margins. The display solutions for consumer applications are particularly well received by Korean customers, adding to the growth momentum of this sector.

The Group continues to expand its technology roadmap. Its effort in R&D assured Varitronix's ability to deliver high quality LCD display colour solutions to clients. Moreover, the Group continued to develop innovative LCD products, such as micro-displays, zenithal bistable cholesteric displays flexible displays and full colour OLED, enriching its product offerings and consolidating its leading position in the industry.

During the year, the average utilization rate of its production facilities remained high. Armed with the finest equipment and machinery, the Heyuan production complex has been running smoothly since it commenced operation in late 2003. Benefiting from economies of scale, the Group has improved operation yields and efficiency, and maintained gratifying profit margins.

"Into 2005, our telecommunication products are registering good order flow and we also expect growth in our other product sectors. Following our successful penetration into the Korean LCD market for consumer applications last year, we expect to achieve satisfactory sales growth this year riding on the growing demands for Korea personal digital entertainment systems and automotive products." Dr. Chang continued.

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The telecommunications market continues to be a growth driver. With colour displays fast replacing monochrome ones, the Group will expand its product portfolio to include more colour solutions featuring different viewing sizes and features, etc. This will allow the Group to capture the most market opportunities while providing customers with comprehensive choices that meet their various requirements. In addition, the narrowing cost differential between CSTN-LCD and TFT-LCD will hopefully translate into a robust increase in the sales of the Group's TFT-LCD display.

Adhering to its established technology roadmap, Varitronix will continue its commitment to the research and development of next generation display solutions – “Zero Power” displays and micro-displays. Besides, the Group is also stepping up the development of full colour OLED and is keeping eyes on the right opportunities to invest in other OLED manufacturers in Asia. Such investments will not only allow the Group to enhance its access to and reach in the OLED market, but will also ensure it has the all-round capabilities to provide multiple solutions to fulfill different technology attributes.

“Last but not the least, we are delighted to have Mr. Tsoi Tong Hoo join us as our Chief Executive Officer. We believe with Mr. Tsoi's management and finance experience and insights, the Group will have greater success yet in exploring new areas for expansion and further developing our LCD and OLED businesses, and hence be able to deliver better returns to our shareholders.” Dr. Chang concluded.

**About Varitronix International Limited**

Established in 1978 by a group of academics from Hong Kong's universities, Varitronix has become one of the world's leading manufacturers of Liquid Crystal Displays (LCDs). With great emphasis on research and development, Varitronix is committed to working with customers to develop advanced LCD products, including sophisticated commercial, industrial, medical and military display products, for a broad range of markets. As a research-driven company, Varitronix is focused on the commercialization of new products. The Group is partnering with leading organizations with strong capabilities in their respective fields to ensure efficient product commercialization. This includes Reflective Liquid Crystal on Silicon Microdisplay (LCOS), Organic Light Emitting Diode (OLED) and Bistable Cholesteric Display (BCD).

The Group has six manufacturing plants in Hong Kong, Malaysia and China and 9 sales offices worldwide. Varitronix was accredited with ISO 9001 and QS9000 in 1995 and 2001 respectively. Varitronix has been listed on The Stock Exchange of Hong Kong Limited since 1991. For more information on Varitronix, please visit [www.varitronix.com](http://www.varitronix.com).

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**For more information**

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