

*[For Immediate Release]*

**VARITRONIX 2003 OPERATING PROFIT UP 40% TO HK\$197 MILLION  
TURNOVER 17% HIGHER AT HK\$1,275 MILLION  
FINAL & SPECIAL DIVIDENDS AT HK 28 CENTS**

(Hong Kong, April 19, 2004) – Leading Liquid Crystal Display (LCD) manufacturer Varitronix International Limited (“Varitronix” / the “Group”) (stock code 710) today announced its annual results for the 12 months ended December 31, 2003. Benefiting from strong sales from telecommunications and automotive products, the Group’s turnover was 17% higher at HK\$1,275 million. Operating profit was 40% higher at HK\$197 million. Net profit rose in line with turnover by 28% to HK\$151 million, giving a basic earnings per share of HK49 cents per share. Because of a deferred tax adjustment, net profit for 2002 was restated. If not for this restatement, the Group would have achieved a 36% rise in net profit. The Board of Directors has recommended a final dividend of HK22 cents per share and a special dividend of HK6 cents per share. Together with interim dividend of HK 7 cents per share and special interim dividend of HK 21 cents per share, the total dividend for the year amounts to HK56 cents per share.

“I am very pleased to report these satisfactory results as we celebrated our 25<sup>th</sup> year in business. Our strategy in maintaining balanced exposure both in terms of products and geographical presence, which we regard as an important element in the stability of business, contributed well to improving results. Our level of profit was maintained due to our stringent cost planning measures at every stage of the manufacturing process. These measures helped to keep our material content at a reasonable level.” said **Dr. C. C. Chang, Chairman of Varitronix.**

The European market continued to be the largest market, accounting for approximately 46% of total turnover. The share from the Asian market as a whole climbed significantly, with turnover contribution from Hong Kong and the PRC higher at approximately 33%. Turnover from the rest of Asia also rose to approximately 13% as a result of mounting orders from customers in the Korean region especially in the second half of last year. The share from North America was reported at approximately 7%. Continual growth in the PRC market reflected also the thriving conditions in the PRC domestic telecommunications sector and the production relocation to the PRC by some of the Group’s US and European customers.

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Automotive and industrial/consumer products remained important pillars of the Group's business. They accounted for 20% and 52% of total turnover respectively, with the remaining share contributed by telecommunication products. "Despite increasing demand for color handset display solutions from our PRC customers, orders for our monochrome displays continued to be quite steady. However, we do expect growth momentum for color solutions to gain pace given the underlying trend in the end user market." said Dr. Chang.

Varitronix also stayed on track with its established technology roadmap. The prototype for bi-stable cholesteric display (BCD) with wide applications including electronic books was completed last year, and the display sample of the "zero power" display was also successfully launched. In addition, important progress in the prototyping of microdisplay was made, allowing the Group to forge ahead in this high-resolution display technology.

The Group's new Heyuan production plant formally came to operation in November last year. The plant houses some of the Group's finest equipment and machinery including a new automated production line. As certain production processes have now come under one roof, it is expected to improve the Group's operational efficiencies and cost competitiveness further.

Robust cash flow from operations has kept the Group's financial position solid with no net debt at the end of the year despite the investment required by its new Heyuan plant during the year. The Group had a liquid portfolio of HK\$819 million as at 31 December 2003.

In line with its strategy of focusing on high quality LCD display technologies, subsequent to the review period Varitronix implemented restructuring moves in its Malaysia business. These included the possible merger of Varitronix Malaysia and Crystal Clear Technology and the divestment of its electro-chromic mirror system manufacturing business. These measures will enable the Group to better utilize its resources.

Dr. Chang continued, "Into 2004, order momentum for our telecommunication products is looking promising and we do expect growth in our other product sectors as well. Growth is also expected in our Asian market, in particular the Korean and PRC markets."

To enhance itself with a diversified range of display solutions, the Group is currently pursuing the commercialization of several new technologies. These include microdisplay, full color OLED, BCD, zenithal bi-stable display and flexible film display. As these technologies possess different quality attributes, they will enable Varitronix to remain a leading multi-solution display provider.

Dr. Chang concluded, “Pushing further with our established technology roadmap will continue to be an important goal in ensuring long term growth. The recent restructuring in our Malaysia business also reaffirms our business objectives. We remain committed to delivering high-quality LCD display solutions.”

### **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 for a broad range of markets, including sophisticated commercial, industrial, medical and military display products. 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 established 6 manufacturing plants in Hong Kong, Malaysia and China and has set up 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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