

## Varitronix Announces 2015 Half-year Results

[10 August 2015 – Hong Kong] Varitronix International Limited and its subsidiaries (“Varitronix” or the “Group”/ Stock code: 710) today announced its results for the six-month period ended 30 June 2015. During the period under review, the Group recorded turnover of HK\$1,283 million, representing a 4% decrease from the HK\$1,341 million reported for the first half of 2014. However, as the Group realised a one-off gain from the disposal of its interest in Data Modul AG and recorded an unrealised gain from the net change in fair value of investment in listed trading securities, profit from operations of the Group was HK\$294 million, a 119% increase compared to the same period last year. The Group’s profit attributable to shareholders thus reached HK\$280 million, an increase of 143%, when compared to the same period in 2014. If setting aside the above related gain from the non-core business, the profit from operations was HK\$137 million, and profit attributable to shareholders would be HK\$123 million, representing increases of 14% and 22%, respectively, when compared to the corresponding period in 2014.

Due to market competition and changes in product mix, the average selling price of the Group's displays was under pressure in the first half of this year. At the same time, operations and labour costs increased. Nevertheless, with effective control measures on other cost items and the depreciation of the Japanese yen, the Group’s gross profit margin was maintained at 24.2%, a similar level to the corresponding period in 2014.

The Board of Directors (the “Board”) has recommended an interim dividend of 15.0 HK cents per share (1H 2014: 12.0 HK cents). The payout ratio is 18%. If adopting the profit attributable to shareholders of HK\$123 million excluding the related gains from the non-core business, the payout ratio would be 40% (1H 2014: 39%).

### Business Review

For the six months ended 30 June 2015, the average selling price of automotive display products has been affected by the market environment and changes in product mix. Thus, revenue generated by the automotive display business was HK\$899 million, representing a decrease of 4% compared to the same period last year. This business accounted for 70% of the Group’s total turnover.

The additional turnover generated by the increased sales of TFT automotive displays brought about a positive impetus. As a result, whilst the Group’s overall automotive revenue in Europe was not satisfactory, it nonetheless demonstrated a slight increase as compared to the second half of 2014. The Korean automotive display business resulted decline in revenue. In China, its revenue dropped slightly in the first half of this year. While in Japan and America, the automotive display business developed steadily with revenue maintained at a stable level.

The industrial display business generated revenue of HK\$384 million for the six-month period under review, down 4% as compared to the corresponding period last year. This business contributed approximately 30% of total turnover.

Europe is one of the key markets for the industrial display business. The industrial display business in some European countries maintained at a flat level whilst some countries demonstrated a downward trend. Only Italy was different, where sales of white goods displays increased. America is the focus of the Group's industrial display business. In the first half of this year, the industrial display business in America achieved good performance.

### Prospects

The stagnant economy in the Eurozone coupled with the slowing pace of economic development in China, are unfavourable factors to the Group's business development. Nevertheless, there is still ample space for development for the Group in America and Japan. According to Varitronix, they will also put extra effort in developing the emerging markets such as India and South America.

In order to keep expanding the business scope of TFT displays, the Group will endeavour to meet market demand while strengthening its own competitive advantages, and is prepared to put more resources into relevant facilities and talent development. As reported by Varitronix, there is considerable demand for the mono displays in the mid-to-low end automotive sector and industrial applications. The Group will continue to explore the mid-to-low end automotive sector. In addition, the Group will investigate more applications in the industrial arena, so as to maintain the sales of mono displays.

In general, the prospects of the industrial display business in Europe will not be exceptionally positive, but with the driving force from the white goods display business, it is expected that the overall industrial display revenue will continue to be stable throughout the full-year period of 2015.

The Group will vigilantly monitor and analyse market trends and will take appropriate action. According to Ms Samantha Ko, CEO of Varitronix, "We will work together with customers to explore the feasibility of applying touch panels and even OLED technology (Organic Light-Emitting Diode). The Group holds an open attitude towards purchasing new technology with potential, and is committed to staying at the frontier of product technology while also diversifying our technical profile."

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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 in China. 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](http://www.varitronix.com) for more information.

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