

[For Immediate Release]

**VARITRONIX 2004 INTERIM TURNOVER UP 60% TO HK\$981 MILLION
NET PROFIT 43% HIGHER AT HK\$96 MILLION**

(Hong Kong, 13 September, 2004) — Leading Liquid Crystal Display (LCD) manufacturer Varitronix International Limited (“Varitronix” / the “Group”) (stock code 710) today announced its interim results for the 6 months ended 30 June, 2004. Benefiting from strong growth across all product sectors, the Group’s turnover was 60% higher at HK\$981 million compared with the same period of last year. Profit attributable to shareholders rose 43% to HK\$96 million. Basic earnings per share was HK30.94 cents per share. The Board of Directors has recommended an interim dividend of HK10 cents per share, an increase of 43% compared to HK7 cents per share last year.

Dr. C. C. Chang, Chairman of Varitronix, said, “I am pleased to report that our revenue and profits surged substantially as the growth momentum continued from the second half of last year. All product sectors saw the expansion. The demand of colour display was strong as the demand of handsets was robust especially in the PRC market.”

Hong Kong and the PRC became the Group’s largest market during the period as a result of higher shipment of handset modules and accounted for 53% of the total turnover. It was followed by Europe and North America, with turnover contribution of 34% and 4% respectively. The Group also strengthened its presence in the Korean market particularly in personal digital entertainment systems and automotive products.

Robust cash flow from operations kept the Group’s financial position solid with net cash at the end of the year and liquid portfolio of HK\$711 million as at 30 June 2004.

During the period, the Group made satisfactory progress in the prototyping of its new LCD products including micro-displays, zenithal bistable displays and full color OLEDs. “Research and development is very crucial in maintaining our competitive position. We consider this as a major niche distinguishing us from other players in the industry.” said Dr. Chang.

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The Group had divested its electro-chromic mirror system manufacturing business. The Group is also negotiating a possible merger of its subsidiary Varitronix (Malaysia) Sdn. Bhd. with a Malaysian government company, Crystal Clear Technology Sdn. Bhd. which manufactures LCD in Malaysia. It is also planning to list the merged entity on the Malaysian Exchange for Securities and Automatic Quotation. These moves are in line with the Group's strategy in re-structuring its Malaysia operations.

The Group sees a positive outlook for the second half of 2004. Dr. Chang said, "There are some uncertainties, such as the pace of worldwide economy recovery and the real impact of the Chinese government's austerity measures on the economy. But, we are optimistic about our future business in China."

The Group expects its mobile display products to deepen market penetration in the PRC because of high popularity of color displays. Whilst committed to capturing opportunities in the telecommunication sector, the Group will adhere to its product diversification strategy, which will not only ensure the highest product diversity, but will also boost its resilience against market fluctuations. The Group possesses the ISO/TS 16949 certification, and is therefore able to deliver customized displays for automotive applications. This advantage should allow the Group to win more orders from this sector. At the same time, the Group will seek to extend its presence in the Korean market.

Dr. Chang concluded, "Market diversification will remain as the Group's primary strategy to prevent over-reliance on any single market or product. Our outstanding technical capabilities and growth in demand for LCD display products will also be important factors in boosting our business. Barring unforeseen circumstances, the management is confident of achieving steadfast growth in 2004."

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 commits to working with customers to develop advanced LCD products for a broad range of markets, including sophisticated commercial, industrial, medical, military, communications and automotive display products. As a research-driven company, Varitronix emphasizes 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, QS9000 and ISO/TS 16949 in 1995, 2001 and 2004 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.

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