

**VARITRONIX LIMITED**

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Press Release**Varitronix Announces 2005 Interim Results****For the six months ending June 30,**

(HK\$' million)	2005	2004	Change
Turnover	1,023	981	+4%
Profit Attributable To Shareholders	98	96	+2%
EPS			
Basic (HK cents)	30.99	30.94	+0.2%
Fully-Diluted (HK cents)	30.75	30.74	-
DPS			
Interim (HK cents)	10	10	-
Liquid Portfolio	823	638	+29%
Inventories	285	299	-5%
Trade and Other Receivables	473	513	-8%

(Hong Kong, August 29, 2005) -- Leading liquid crystal display (LCD) manufacturer Varitronix International ("Varitronix" or "the Group") (SEHK stock code: 710) announced its interim results for the six months ending June 30, 2005. The Group's turnover reached HK\$1,023 million, representing an increase of 4% from the same period last year. Profit attributable to shareholders amounted to HK\$98 million, compared with HK\$96 million a year earlier. Basic earnings per share were 30.99 HK cents, compared with 30.94 HK cents a year earlier.

The board of directors has proposed an interim dividend of 10 HK cents per share, unchanged from a year earlier.

Dr. C. C. Chang, Chairman of Varitronix, said: "The first half of 2005 was a period of progress for Varitronix. Sales of our automobile and industrial/consumer products grew healthily."

Mr. Johnson Ko Chun Shun, Co-chairman of Varitronix, said the balance sheet was strong, benefiting from strong cash inflows generated by operating activities. Liquid portfolio amounted to HK\$823 million, as at the end of June 2005 (2004: HK\$638 million), which included cash of HK\$653 million (2004: HK\$543 million).

Sales in Asia rose 6% year-on-year to HK\$629 million from HK\$593 million, and accounted for 62% of the Group's turnover. Europe was the Group's second largest market region, accounting for 32% of the Group's turnover.



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Demand for displays used in personal digital entertainment systems was robust, thanks to rapid growth of sales volume of the end products and frequent introduction of new models. Demand for displays used in automobiles continued to be solid.

It is expected that CSTN-LCD (Color Supertwisted Nematic Liquid Crystal Display) will continuously gain its market share in low cost applications, especially in the area of lower-end mobile phones. Therefore, the Group has further upgraded and expanded one of the production lines in its Heyuan plant, which will increase the capacity for CSTN-LCD as well as other display products of demanding specifications. Mass production has been scheduled for the fourth quarter of the year.

TFT-LCD (Thin-Film Transistor LCD) represented a substantial proportion of the group's turnover during the period under review and will continue to be one of the Group's key technological focuses in the future. The Group is currently seeking possible alliances with TFT-LCD manufacturers to accelerate its development process.

The Group invested HK\$156 million in Ness Display, a Korean-based OLED (Organic Light-Emitting Diode) manufacturer, which provided access to the advanced know-how of OLED technologies.

As a result of stringent financial controls, staff costs declined to HK\$114 million, from HK\$121 million a year earlier, despite an increase in total sales.

The recent Renminbi revaluation could possibly have a slightly positive, not negative, impact on Varitronix, Dr. Chang pointed out. "The renminbi revenues we collect exceed the renminbi costs and expenses we pay," said Dr. Chang, adding that substantial amount of materials used is imported.

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About Varitronix

Established in 1978 by a group of academics, Varitronix has become one of the world's leading manufacturers of LCD. The Hong Kong-based company has production operations in Heyuan, Shenzhen and Beijing, in the PRC, and in Malaysia. It has sales offices in Beijing, Korea, Malaysia, Shenzhen, Singapore, Canada, the U.S., France, Germany, Italy, Switzerland and the U.K. The total number of employees was 4,710, as at the end of June 2005, including 3,900 in the PRC, 420 in Hong Kong and 390 overseas. Varitronix was accredited with ISO 9001, QS9000 and TS16949 in 1995, 2001 and 2004, respectively. Varitronix was listed in the Stock Exchange of Hong Kong in 1991.

For More Information

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