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VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHAREHOLDING INTEREST IN DATA MODUL AG

On 28 January 2015, Varitronix Investment, a wholly-owned subsidiary of the Company, entered into the Agreement with, among others, the Purchaser pursuant to which Varitronix Investment agreed to sell and the Purchaser agreed to purchase the Sale Shares (collectively with the shares in Data Modul held by the other Sellers).

The Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date : 28 January 2015

Parties : 1. The Sellers; and
2. The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each Seller (apart from Varitronix Investment) and the Purchaser, and their ultimate beneficial owners, are Independent Third Parties.

Transaction

Subject to the terms and conditions in the Agreement, the Sellers agreed to sell, and the Purchaser agreed to purchase, an aggregate of 1,206,631 shares in Data Modul, representing approximately 34.22% interest in Data Modul. As part of it, Varitronix Investment agreed to sell the Sale Shares to the Purchaser at the Sale Price. The consideration for the disposal of shares in Data Modul by the Sellers under the Agreement shall be Euro27.50 (equivalent to approximately HK\$241.73) per share, resulting in the Aggregate Consideration payable by the Purchaser to the Sellers under the Agreement, *i.e.* Euro33,182,353 (equivalent to approximately HK\$291,673,000). Varitronix Investment shall receive Euro19,393,990 (equivalent to approximately HK\$170,473,000) as the gross proceed from the disposal of its Sale Shares.

Concurrently with the signing of the Agreement, the Purchaser has announced its decision to issue a voluntary cash takeover offer within the meaning of Section 29(1) of the German Securities Acquisition and Takeover Act to the shareholders of Data Modul for all shares held by them in Data Modul.

Consideration

The Aggregate Consideration is payable by the Purchaser in cash to the Sellers on the fifth (5th) Business Day following the fulfillment or waiver of the conditions set out in the Agreement, or at such other date as may be agreed between the Sellers and the Purchaser.

The Sale Price was agreed upon after arm's length negotiations between the Sellers and the Purchaser and was based on the financial position and business prospects of Data Modul. According to the latest management accounts of the Group, the carrying amount of the Group's investment in Data Modul as at 31 December 2014 was approximately HK\$119,250,000.

Conditions Precedent

Both, Completion of the Agreement as well as the consummation of the Offer, are conditional upon, amongst others, the following conditions being fulfilled:

1. The anti-trust clearance of the Transaction by the competent authorities;
2. the achievement by Blitz of a participation corresponding to at least 75% of the nominal share capital of Data Modul upon completion of the Transaction (*i.e.* Completion and consummation of the Offer); and
3. during the acceptance period for the Offer, the enterprise value of Data Modul, as determined pursuant to a discounted cash flow valuation according to the German principles of IDW S1 (Institut der Wirtschaftsprüfer Standard 1), has not decreased by 25% or more as compared to the enterprise value of Data Modul as at the date of the publication of the relevant offer document.

Completion

Completion shall take place on the fifth (5th) Business Day following the fulfillment or waiver of the conditions set out in the Agreement, or at such other date as may be agreed between the Sellers and the Purchaser. The Agreement may be terminated by the Sellers or the Purchaser if the Completion does not take place prior to or on 30 September 2015.

Guaranty

Arrow Electronics, the ultimate holding company of the Purchaser, has guaranteed to the Sellers in the Agreement, unconditionally and irrevocably, the due and punctual performance of the Purchaser's payment obligations under the Agreement.

DATA MODUL/ THE PURCHASER

Data Modul is a German stock corporation (*Aktiengesellschaft*), the shares of which are listed, *inter alia*, at the regulated market of the Frankfurt Stock Exchange. Data Modul is active in the field of the production and distribution of electronic components and systems. Data Modul is a long-term customer of the Group. Over the years, the Group has been selling various liquid crystal display products to Data Modul which in turn will distribute the Group's products in Europe.

Blitz is an indirect wholly-owned subsidiary of Arrow Electronics. Arrow Electronics is a company incorporated in U.S.A. (New York) and Blitz is incorporated in Germany. The principal activity of Arrow Electronics is a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions. The principal activity of Blitz is investment holding.

As at the date of this announcement, Varitronix Investment holds 705,236 shares or approximately 19.99% interest in the nominal share capital of Data Modul. As at 31 December 2014, the carrying amount of the Sale Shares of Data Modul was approximately HK\$119,250,000 according to the latest management accounts of the Group. After Completion, Varitronix Investment will cease to hold any interest in Data Modul, and Data Modul will no longer be treated as an Associate in the consolidated financial statements of the Group.

A summary of financial data based on the audited financial information of Data Modul for the financial years ended 31 December 2012 and 2013, which were prepared in accordance with International Financial Reporting Standards, is as follows:

	For the financial year ended 31 December	
	2012 (Audited)	2013 (Audited)
	HK\$'000	HK\$'000
Net assets	427,766	456,015
Revenue	1,436,109	1,566,820
Profit before taxation	79,278	57,629
Profit after taxation	70,175	34,550

For illustrative purposes only, in relation to the HK\$ figures set out above, the exchange rate of Euro1.00 to HK\$ 10.24 has been adopted for converting the financial information extracted from the audited accounts of Data Modul for the financial year ended 31 December 2012 and the exchange rate of Euro1.00 to HK\$10.68 has been adopted for converting the financial information extracted from the audited accounts of Data Modul for the financial year ended 31 December 2013, respectively.

REASONS FOR THE DISPOSAL OF THE SALE SHARES

The Board has decided to dispose of its approximately 19.99% interest in Data Modul as it is a non-core asset of the Group and the disposal provides funds to the Group for further investments. The disposal enables the Group to early realize the value of its interest in Data Modul and to strengthen the financial base of the Group. Through the disposal, the Board expects to re-allocate its resources to the Group's existing business and other suitable investments in order to improve the profits of the Group. The Board is of the view that the terms of the Agreement are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Subject to audit, upon Completion of the Agreement, the Group expects to record a net profit from the disposal (before deducting the related transaction costs) of approximately HK\$51,223,000. The net profit represents the difference between the aggregate consideration amount of approximately HK\$170,473,000 and the carrying amount of the Group's investment in Data Modul of HK\$119,250,000.

USE OF PROCEEDS

It is expected that the net proceeds generated by the disposal would be used for the business development and general working capital of the Group.

GENERAL

The principal activity of the Company is investment holding. The principal activities of the Group are design, manufacture and sale of liquid crystal displays and related products. The Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms are used in this announcement within the meanings set opposite them:

“Aggregate Consideration”	Euro33,182,353 (equivalent to approximately HK\$291,673,000), the aggregate consideration for the disposal by the Sellers of all the Sellers’ shares in Data Modul
“Agreement”	the share purchase agreement dated 28 January 2015 between the Sellers and the Purchaser in relation to the disposal of all the Sellers’ shares in Data Modul
“Arrow Electronics”	Arrow Electronics, Inc., a New York corporation, which is the ultimate holding company of Blitz
“Associate”	the same meaning ascribed to it under the Listing Rules
“Blitz ”	Blitz 14-482 GmbH, registered with the commercial register at the local court of Munich under HRB 215582
“Board”	the board of Directors
“Business Day”	a day on which the banks are open to the public for regular business in Frankfurt am Main and New York

“Company”	Varitronix International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the shares in Data Modul pursuant to the terms of the Agreement
“Data Modul”	DATA MODUL Aktiengesellschaft Produktion und Vertrieb von elektronischen Systemen, a German stock corporation, the shares of which are listed, <i>inter alia</i> , at the regulated market of the Frankfurt Stock Exchange
“Directors”	the directors of the Company
“Euro”	the official currency of the European Union
“Frankfurt Stock Exchange”	the stock exchange located in Frankfurt a.M., Germany, which is operated by Deutsche Börse AG
“Germany”	the Federal Republic of Germany
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange

“Offer”	the voluntary cash takeover offer within the meaning of Section 29(1) of the German Securities Acquisition and Takeover Act to the shareholders of Data Modul for all shares held by them in Data Modul
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Republic of China (Taiwan)
“Purchaser”	Blitz , being an Independent Third Party
“Sale Price”	Euro19,393,990 (equivalent to HK\$170,473,000), being the aggregate consideration to be paid to Varitronix Investment for the Sale Shares
“Sale Shares”	705,236 shares in Data Modul held by Varitronix Investment, representing approximately 19.99% of the nominal share capital of Data Modul as at the date of the Agreement
“Sellers”	6 other shareholders of Data Modul and Varitronix Investment
“Shareholder(s)”	holder of (a) share(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Transaction”	the signing and Completion of the Agreement, as well as the issuance of the Offer by the Purchaser and its consummation upon expiration of the relevant acceptance period
“U.S.A.”	the United States of America

“Varitronix
Investment”

Varitronix Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company

“%”

per cent.

Unless otherwise specified, the exchange rate of Euro1.00 to HK\$8.79 is used in this announcement for illustrative purposes only. No representation is made that any amounts in HK\$ or Euro have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board

Varitronix International Limited

Ko Chun Shun, Johnson

Chairman

Hong Kong, dated 28 January 2015

As at the date of this announcement, the Board comprises seven Directors, of whom Mr. Ko Chun Shun, Johnson, Mr. Tsoi Tong Hoo, Tony, Ms. Ko Wing Yan, Samantha and Mr. Ho Te Hwai, Cecil are executive Directors and Dr. Lo Wing Yan, William J.P., Mr. Chau Shing Yim, David and Mr. Hou Ziqiang are independent non-executive Directors.