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VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

2015 INTERIM RESULTS ANNOUNCEMENT

Chairman's Statement

Financial Highlights

HK\$ million	Six months ended 30 June 2015	Six months ended 30 June 2014
Turnover	1,283	1,341
Profit attributable to shareholders	280	115
Basic earnings per share	85.37 HK cents	35.28 HK cents
Interim dividend per share	15.0 HK cents	12.0 HK cents

On behalf of Varitronix International Limited (the "Company") and its subsidiaries ("Varitronix" or the "Group"), I present the Group's 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 gains 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.

Dividends

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

Automotive Display Business

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 European economy is far from recovery with the pressing debt issues of some countries still adversely affecting consumer and commercial appetite. Furthermore, sales of European branded automobiles in the global market were threatened by Japanese cars following the depreciation of the Japanese yen. This dampened the order confirmations of some European automotive customers. However, 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 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 faced fierce competition, resulted a continued decline in revenue. In China, the automotive display business under the slower development pace of the macro-economy, 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.

Industrial Display Business

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. To a certain extent, the stagnant economic situation in the Eurozone has stifled the pace of business development of our industrial customers. Our 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, and has shown stable growth over the years with bright performance in the medical products sector. Medical product displays has become a unique sector among the various market regions of the Group, showing growth potential. Overall, 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 our business development. Nevertheless, there is still ample space for development for the Group in America and Japan. We will continue to expand the market coverage and depth in these two countries, and will put extra effort in developing the emerging markets such as India and South America.

In the high-end automobile sector, mono displays have been gradually replaced by TFT displays. While TFT technology continues to develop, competition in this market is severe and the selling price is declining. 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.

Mono displays demonstrate reliable performance with power-saving benefits at a competitive selling price, so there is considerable demand for these 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, we will investigate more applications in the industrial arena, so as to maintain the sales of mono displays.

As mentioned above, white goods manufacturing and sales in Europe have demonstrated some signs of recovery, and this has led to increased sales of our displays in this sector. This phenomenon is due to the fact that white goods manufacturers had delayed their manufacturing in the past few years, and, with stock levels depleted, there is a need to recharge the supply quantity. Since the production lead time of white goods is comparatively short, it is natural for these manufacturers to replenish their stock levels in spite of the indefinite economic situation. 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.

On the cost side, material and human resources costs in China continue to increase. This is a generic problem for manufacturers. To tackle this, we will need to continue the ongoing automation process and improve efficiency and productivity.

The Group will vigilantly monitor and analyse market trends and will take appropriate action. We will also 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.

Acknowledgement

In the first half of 2015, we were faced with many unfavourable factors. It can be challenging at times to lead the Group across the globe, and we especially need the strong support of our business partners, shareholders and colleagues. On behalf of the Board, I would like to sincerely thank our business partners, shareholders and colleagues. Your companionship adds energy to our management as we forge ahead.

Ko Chun Shun, Johnson
Chairman

Hong Kong, 10 August 2015

Consolidated statement of profit or loss
For the six months ended 30 June 2015 – unaudited

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Turnover	4	1,283,161	1,340,528
Other operating income/(loss)	5	164,577	(4,193)
Change in inventories of finished goods and work in progress		5,731	(42,089)
Raw materials and consumables used		(759,228)	(772,790)
Staff costs		(220,353)	(202,018)
Depreciation		(51,326)	(53,955)
Other operating expenses		(128,278)	(131,487)
Profit from operations		294,284	133,996
Finance costs	6(a)	(1,938)	(2,477)
Share of profits less losses of associates		4,180	4,784
Profit before taxation	6	296,526	136,303
Income tax	7	(16,117)	(21,035)
Profit for the period		280,409	115,268
Attributable to:			
Equity shareholders of the Company		280,409	115,268
Non-controlling interests		-	-
Profit for the period		280,409	115,268
Earnings per share (in HK cents)	8		
Basic		85.37	35.28
Diluted		84.45	34.31
Dividends	9		
Interim dividend declared after the end of the reporting period		49,597	39,343

Consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2015 – unaudited

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	280,409	115,268
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Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments: net movement in exchange reserve	(12,142)	(8,486)
Available-for-sale securities: net movement in fair value reserve	430	33
	-----	-----
Other comprehensive income for the period	(11,712)	(8,453)
	-----	-----
Total comprehensive income for the period	268,697	106,815
	=====	=====
Attributable to:		
Equity shareholders of the Company	268,697	106,815
Non-controlling interests	-	-
	-----	-----
Total comprehensive income for the period	268,697	106,815
	=====	=====

Consolidated statement of financial position
At 30 June 2015– unaudited

	Note	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Non-current assets			
Fixed assets			
- Property, plant and equipment		453,422	486,455
- Interest in leasehold land held for own use under operating leases		11,929	12,200
		<u>465,351</u>	<u>498,655</u>
Interest in associates	10	5,278	124,627
Loans receivable		46,500	46,500
Other financial assets		61,440	29,569
Deferred tax assets		725	725
		<u>579,294</u>	<u>700,076</u>
Current assets			
Trading securities		261,194	158,919
Inventories		395,139	383,789
Trade and other receivables	11	628,231	603,822
Other financial assets		29,794	19,840
Current tax recoverable		11,156	9,707
Fixed deposits with banks		82,625	38,370
Cash and cash equivalents		736,614	536,501
		<u>2,144,753</u>	<u>1,750,948</u>
Current liabilities			
Trade and other payables	12	396,843	411,695
Bank loans		215,551	184,362
Current tax payable		10,217	13,010
Dividends payable		98,878	-
		<u>721,489</u>	<u>609,067</u>
Net current assets		<u>1,423,264</u>	<u>1,141,881</u>
Total assets less current liabilities		<u>2,002,558</u>	<u>1,841,957</u>
Non-current liabilities			
Bank loans		26,637	44,395
Deferred tax liabilities		8,961	5,461
NET ASSETS		<u>1,966,960</u>	<u>1,792,101</u>
CAPITAL AND RESERVES			
Share capital		82,461	81,979
Reserves		1,884,255	1,709,878
Total equity attributable to equity shareholders of the Company		<u>1,966,716</u>	<u>1,791,857</u>
Non-controlling interests		244	244
TOTAL EQUITY		<u>1,966,960</u>	<u>1,792,101</u>

Notes:

1. Independent review

This interim financial report is unaudited, but has been reviewed by the auditor of the Company, KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board is included in the interim financial report to be sent to shareholders. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

2. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the HKICPA. It was authorised for issuance on 10 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements.

3. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- Annual improvements to HKFRSs 2010-2012 Cycle
- Annual improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Turnover and segment reporting

The principal activity of the Company is investment holding. The principal activities of the Group are the design, manufacture and sale of liquid crystal displays and related products.

(a) Operating segment results

The Group manages its business as a single unit and, accordingly, the design, manufacture and sale of liquid crystal displays and related products is the only reporting segment and virtually all of the turnover and operating profits is derived from this business segment. The interim financial report is already presented in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. Accordingly, no separate business segment information is disclosed.

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined that a single operating segment exists based on this internal reporting.

The Board assesses the performance of the operating segments based on turnover which is consistent with that in the interim financial report. Other information, being the total assets excluding deferred tax assets, loans receivable, other financial assets, trading securities, current tax recoverable and the interest in associates, all of which are managed on a central basis, are provided to the Board to assess the performance of the operating segment.

(b) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's fixed assets and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and the location of operations, in the case of interest in associates.

(i) Group's revenues from external customers

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
The People's Republic of China ("PRC") (place of domicile)	429,754	457,000
Europe	498,652	498,693
America	157,830	164,398
Korea	98,178	113,247
Others	98,747	107,190
	853,407	883,528
Consolidated turnover	1,283,161	1,340,528

Revenue from external customers located in Europe is analysed as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
France	74,902	87,536
United Kingdom	63,998	62,904
Germany	57,292	57,628
Italy	33,603	38,661
Other European countries	268,857	251,964
	498,652	498,693

(ii) Group's specified non-current assets

	At 30 June	At 31 December
	2015	2014
	HK\$'000	HK\$'000
The PRC (place of domicile)	462,610	495,931
Germany	-	119,349
Korea	5,278	5,278
Others	2,741	2,724
	470,629	623,282

5. Other operating income/(loss)

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest income from listed debt securities	418	890
Interest income from non-listed debt securities	-	87
Other interest income	1,521	811
Net gain on disposal of an associate (Note 10)	48,828	-
Net realised and unrealised gains on trading securities	104,420	9,205
Net exchange gain/(loss)	8,125	(13,533)
Other income/(loss)	1,265	(1,653)
	164,577	(4,193)

6. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	<u>1,938</u>	<u>2,477</u>
(b) Other items		
Cost of inventories	<u>972,567</u>	<u>1,019,333</u>

7. Income Tax

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax	6,338	13,810
Current tax - The PRC income taxes	1,964	2,091
Current tax - Jurisdictions outside Hong Kong and the PRC	4,315	5,134
Deferred taxation	<u>3,500</u>	-
	<u>16,117</u>	<u>21,035</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%) to the six months ended 30 June 2015. The provision for the PRC Corporate Income Tax is calculated by applying a reduced tax rate of 15% which is applicable for Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), a subsidiary of the Group designated as high and new technology enterprise by the PRC tax authority. Withholding tax is levied on dividend distributions arising from profit of the Group's subsidiaries operating in the PRC earned after 1 January 2008 based on an applicable tax rate of 5%. Taxation for subsidiaries operating outside Hong Kong and the PRC is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$280,409,000 (2014: HK\$115,268,000) and the weighted average number of shares of 328,447,691 shares (2014: 326,764,541 shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2015	2014
Issued ordinary shares at 1 January	327,915,204	326,485,204
Effect of share options exercised	532,487	279,337
Weighted average number of ordinary shares at 30 June	<u>328,447,691</u>	<u>326,764,541</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$280,409,000 (2014: HK\$115,268,000) and the weighted average number of shares of 332,043,701 shares (2014: 335,919,378 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares at 30 June	328,447,691	326,764,541
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	3,596,010	9,154,837
Weighted average number of ordinary shares (diluted) at 30 June	<u>332,043,701</u>	<u>335,919,378</u>

9. Dividends

Dividends payable to equity shareholders of the Company attributable to the period

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend declared after the end of the reporting period 15.0 HK cents (2014: 12.0 HK cents) per share	<u>49,597</u>	<u>39,343</u>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. Interest in associates

On 28 January 2015, the Group entered into an agreement with a third party, to dispose of the Group's entire interest in Data Modul AG, the then an associate of the Group, at a consideration of EUR19,393,990. The transaction was completed on 14 April 2015. A gain on disposal of HK\$48,828,000 was recognised in statement of profit or loss for the period ended 30 June 2015. Further details are set out in the Company's announcement dated 28 January 2015.

11. Trade and other receivables

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses for bad debt and doubtful debts of HK\$1,710,000 (31 December 2014: HK\$2,412,000)) with the following ageing analysis as of the end of the reporting period:

	At 30 June 2015	At 31 December 2014
	HK\$'000	HK\$'000
Within 60 days of the invoice issue date	378,634	388,079
61 to 90 days after the invoice issue date	110,545	92,688
91 to 120 days after the invoice issue date	51,922	53,843
More than 120 days but less than 12 months after the invoice issue date	37,939	33,142
	579,040	567,752

Trade debtors and bills receivable are generally due within 60 to 90 days from the date of the billing.

12. Trade and other payables

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	At 30 June 2015	At 31 December 2014
	HK\$'000	HK\$'000
Within 60 days of supplier invoice date	252,989	249,309
61 to 120 days after supplier invoice date	63,540	77,284
More than 120 days but within 12 months after supplier invoice date	5,553	5,578
More than 12 months after supplier invoice date	1,037	808
	323,119	332,979

13. Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the Group's financial statements were as follows:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Contracted for	6,963	9,707
Authorised but not contracted for	45,078	21,531
	<u>52,041</u>	<u>31,238</u>

14. Contingent liabilities

Financial guarantees issued

As at the end of the reporting period, the Company has issued guarantees to banks in respect of a banking facilities granted to certain subsidiaries.

As at the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued and the facilities drawn down by the subsidiaries is HK\$242,188,000 (31 December 2014: HK\$228,757,000).

INTERIM DIVIDEND

The Board has recommended declaring an interim dividend of 15.0 HK cents (2014: 12.0 HK cents) per share for the six months ended 30 June 2015. The interim dividend will be payable on or around Friday, 2 October 2015 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 18 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 September 2015 to Friday, 18 September 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the aforementioned interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 11 September 2015.

OTHERS

Staff

As at 30 June 2015, the Group employed 5,236 staff around the world, of whom 171 were in Hong Kong, 5,024 in the People's Republic of China (the "PRC") and 41 were in overseas. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group operates an employee share option scheme and provides rent-free quarters to certain of its employees in Hong Kong and the PRC.

The Group adopts a performance-based remuneration policy. Salary adjustments and performance bonuses are based on the evaluation of job performance. The aim is to create an atmosphere that encourages top performers and provides incentives for general employees to improve and excel.

Liquidity and Financial Resources

As at 30 June 2015, the total equity of the Group was HK\$1,967 million (31 December 2014: HK\$1,792 million). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 2.97 as at 30 June 2015 (31 December 2014: 2.87).

At the period end, the Group held a liquid portfolio of HK\$1,172 million (31 December 2014: HK\$783 million) of which HK\$819 million (31 December 2014: HK\$575 million) was in cash and fixed deposits balance and HK\$353 million (31 December 2014: HK\$208 million) in securities. The unsecured interest-bearing bank loans amounted to HK\$242 million (31 December 2014: HK\$229 million). The gearing ratio (bank loans over net assets) was 12% (31 December 2014: 13%).

The Group's inventory turnover ratio (annualized cost of inventories over average inventories balance) for the six months ended 30 June 2015 was 5.0 times (31 December 2014: 4.7 times). Debtor turnover days (trade receivables over turnover times 181) for the six months ended 30 June 2015 was 82 days (31 December 2014: 79 days).

Foreign Currency Exposure

The Group is exposed to foreign currency risk primarily through sales, purchases, loan receivables and bank loans that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United State dollars, Euros, Japanese Yen and Renminbi.

The Group is not engaged in the use of any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2015.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company (the “Directors”), the Company has complied with the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the period ended 30 June 2015.

All other information on the Code has been disclosed in the corporate governance report contained in the 2014 annual report of the Company issued in March 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee of the Company (the “AC”) comprises 3 Independent Non-executive Directors: Dr. Lo Wing Yan, William (Chairman of the AC), Mr. Chau Shing Yim, David and Mr. Hou Ziqiang. The AC is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system and internal control procedures. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company’s internal and external auditors.

The AC has reviewed the interim results for the six months ended 30 June 2015 of the Company now reported on.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company (the “RC”) is responsible for setting and monitoring the remuneration policy for all Directors and senior management of the Group. The RC comprises Dr. Lo Wing Yan, William (Chairman of the RC), Mr. Hou Ziqiang and Mr. Ko Chun Shun, Johnson. Among the 3 members of the RC, 2 members are Independent Non-executive Directors.

NOMINATION COMMITTEE

The Nomination Committee of the Company (the “NC”) comprises Dr. Lo Wing Yan, William (Chairman of the NC), Mr. Hou Ziqiang and Mr. Ko Chun Shun, Johnson. Among the 3 members of the NC, 2 members are Independent Non-executive Directors.

The roles and functions of the NC include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the Independent Non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for the Directors, in particular the Chairman of Board and the Chief Executive Officer.

By order of the Board
Varitronix International Limited
Ko Chun Shun, Johnson
Chairman

Hong Kong, 10 August 2015

As at the date of this announcement, the Board comprises six Directors, of which Mr. Ko Chun Shun, Johnson, 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.