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VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform Shareholders and potential investors that the Group is expected to record a significant decrease in net profit for the year ended 31 December 2016 by approximately 80% as compared with those in 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Varitronix International Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the Group is expected to record a significant decrease in net profit for the year ended 31 December 2016 by approximately 80% as compared with those in 2015. Based on information currently available, the Board considers that the expected decrease in net profit is mainly due to (i) the Group realized a one-off gain from the disposal of its interest in Data Modul AG of HK\$49 million (“One-off gain”) for the year ended 31 December 2015. For the year ended 31 December 2016, there is no such One-off gain incurred; (ii) the Group is expected to record realized and unrealized losses from the net change in fair value of investment in listed trading

securities; (iii) decline in revenue in the automotive sector in South Korea and the PRC; (iv) realized and unrealized exchange losses mainly due to appreciation of Japanese Yen; and (v) the decline in gross profit margin in the automotive sector due to decline in average selling price. The Board considers that the financial position of the Company remains solid.

The information contained in this announcement is only based on a preliminary assessment by the Board by reference to the information currently available to it, including the draft management accounts of the Group, which has not been audited by the Company's auditors. Shareholders and potential investors are advised to read carefully the audited annual results of the Group for the year ended 31 December 2016 which will be announced in March 2017 and the related annual report which will be published subsequently.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Varitronix International Limited
Yao Xiangjun
Chairman

Hong Kong, dated 27 January 2017

As at the date of this announcement, the Board comprises nine Directors, of whom Mr. Yao Xiangjun, Ms. Ko Wing Yan, Samantha and Mr. Su Ning are executive Directors, Ms. Yang Xiaoping, Mr. Dong Xue and Mr. Yuan Feng are non-executive Directors, and Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Hou Ziqiang are independent non-executive Directors.