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**ALCO HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(stock code 328)**



**VARITRONIX**

**VARITRONIX INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(stock code 710)**

## **JOINT ANNOUNCEMENT REGARDING FINANCIAL INFORMATION OF BOE HYDIS**

Each of Alco and Varitronix has applied for a Waiver from strict compliance of Rule 14.58(6) and (7) of the Listing Rules on 22 November 2007, under which the financial information regarding the value of BOE Hydys and its net profits (or loss, as the case may be) attributable to it for the two financial years immediately preceding to the possible Acquisition was required to be disclosed in the Announcement.

The due diligence in respect of BOE Hydys has been commenced on 20 November 2007 upon which the Financial Information was not available at that stage. Subsequent to the Announcement was issued, the Boards of Alco and Varitronix managed to obtain the relevant Financial Information of BOE Hydys details of which are contained herein.

Reference is made to the announcement dated 22 November 2007 regarding the entering of the MOU between the parties of the Consortium regarding the possible Acquisition of BOE Hydys by the Consortium on 21 November 2007 (“**Announcement**”). Unless otherwise stated, the terms used herein shall have the same meanings as used in the Announcement.

### **INTRODUCTION**

On 22 November 2007, Alco and Varitronix (together as the “**Companies**”) have issued the joint Announcement in relation to, among others, the entering of the MOU between the parties of the Consortium and BOE Hydys for the formal bidding of BOE Hydys at the Bid Price on 21 November 2007, under which each of Alco and Varitronix has applied for a waiver from strict compliance of Rule 14.58(6) and (7) of the Listing Rule (“**Waiver**” or together as “**Waivers**”) to disclose the financial information regarding the value of BOE Hydys and its net profits (or loss, as the case may be) attributable to it for the two financial years immediately preceding to the proposed Acquisition (“**Financial Information**”). For the purpose and as a condition of the granting of the Waiver, the Companies announce the findings of the Financial Information obtained from the due diligence investigation, details of which are contained herein.

## **THE WAIVER**

The Companies have applied for a waiver from strict compliance of Rule 14.58(6) and (7) of the Listing Rules on 22 November 2007, under which the Financial Information was required to be disclosed in the Announcement.

The Boards of Alco and Varitronix advise that the due diligence in respect of BOE Hydys has been commenced on 20 November 2007 upon which the Financial Information was not available at that stage. Subsequent to the Announcement was issued, the Boards of Alco and Varitronix managed to obtain the relevant Financial Information of BOE Hydys details of which are contained herein under the paragraph headed “Financial Information of BOE Hydys”.

The Stock Exchange has granted the Waiver to the Companies on 10 December 2007 subject to the conditions that:

- (i) the Companies will issue a separate announcement disclosing the Financial Information at the time of the despatch of the Companies’ circulars regarding the Acquisition (the “**Circulars**”), and
- (ii) the Companies will include the Financial Information in the Circulars.

Given that the above Financial Information has been disclosed in this announcement and the same will be disclosed in the Circulars, the conditions (i) and (ii) above have been satisfied.

## **FINANCIAL INFORMATION OF BOE HYDIS**

The Boards of Alco and Varitronix announce that the due diligence has been commenced on 20 November 2007 and the relevant Financial Information of BOE Hydys has been obtained by the Companies.

According to the Financial Information obtained by the Companies, the audited net loss both before and after taxation and extraordinary items attributable to BOE Hydys for the year ended 31 December 2005 was approximately KRW142,299 million (approximately HK\$1,200.73 million). The audited net loss both before taxation and extraordinary items attributable to BOE Hydys for the year ended 31 December 2006 was approximately KRW216,686 million (approximately HK\$1,828.42 million). The audited net loss after tax and extraordinary items attributable to BOE Hydys for the year ended 31 December 2006 was approximately KRW 216,686 million (approximately HK\$1,828.42 million). The unaudited net profit before taxation and extraordinary items attributable to BOE Hydys for the six months period up to 30 June 2007 was approximately KRW 71,904 million (approximately HK\$606.73 million), including debt exemption gain of KRW 158,574 million (approximately HK\$1,338.06 million). The unaudited net profit after taxation and extraordinary items attributable to BOE Hydys for the six months period up to 30 June 2007 was approximately KRW 71,904 million (approximately HK\$606.73 million), including

debt exemption gain of KRW 158,574 million (approximately HK\$1,338.06 million). As at 30 June 2007, the unaudited net book value of BOE Hydys was approximately KRW 104,098 million (approximately HK\$878.39 million). For the avoidance of doubt, “debt exemption gain” is a book debt of the BOE Hydys which was written-off by the bankruptcy Court of Korean pursuant to the Rehabilitation Plan which is booked in BOE Hydys’ account as “Non-Operating Income”. The Financial Information contained herein was prepared in accordance with the accounting policy adopted under the Korean Generally Accepted Accounting Principles.

A circular containing, among other things, details information of the transaction contemplated under the Agreement and the above Financial Information will be despatched to the shareholders of the Companies as soon as possible.

*The exchange rate used in this announcement of HK\$1.00 to KRW118.51 is for illustrative purposes only. No representation is made that any amounts in KRW or HK\$ 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  
**ALCO HOLDINGS LIMITED**  
**Leung Kai Ching, Kimen**  
*Chairman*

By Order of the board  
**VARITRONIX INTERNATIONAL LIMITED**  
**Johnson Ko Chun Shun**  
*Chairman*

Hong Kong, 12 December 2007

The board compositions of each of Alco and Varitronix as at the date of this announcement is as follow:

**ALCO**

*Executive Directors:*

Mr. Leung Kai Ching, Kimen  
Mr. Leung Wai Sing, Wilson  
Mr. Kuok Kun Man, Andrew

*Independent non-executive Directors:*

Mr. Wong Po Yan  
The Hon Li Wah Ming, Fred  
Mr. Lau Wang Yip, Derrick

**VARITRONIX**

*Executive Directors:*

Mr. Johnson Ko Chun Shun  
Mr. Tony Tsoi Tong Hoo  
Mr. Cecil Ho Te Hwai

*Independent non-executive Directors:*

Dr. William Lo Wing Yan  
Mr. Yuen Kin  
Mr. Hou Ziqiang