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**BOE VARITRONIX LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 710)**

**CONTINUING CONNECTED TRANSACTION  
MASTER FRAMEWORK AGREEMENT**

On 10 June 2022 (after trading hours), the Company and Chengdu BOE entered into the Master Framework Agreement in relation to (a) the Sale of Products and Materials; (b) the Purchase of Products and Materials; and (c) the Subcontracting Services, for a term from 10 June 2022 to 31 December 2022.

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 54.31% of the issued share capital of the Company as at the date of this announcement. Chengdu BOE is owned as to 60% by the Group and 40% by BOE and is an associate of BOE. Chengdu BOE is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Master Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the annual caps of each of (a) the Sale of Products and Materials; (b) the Purchase of Products and Materials; and (c) the Subcontracting Services under the Master Framework Agreement and all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, transactions thereunder are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 10 June 2022 (after trading hours), the Company and Chengdu BOE entered into the Master Framework Agreement. The principal terms of the Master Framework Agreement are as follows:

## **MASTER FRAMEWORK AGREEMENT**

### **Date**

10 June 2022 (after trading hours)

### **Parties**

- (a) the Company; and
- (b) Chengdu BOE

### **Pricing policy and payment terms**

The Master Framework Agreement sets out the framework for (a) the Sale of Products and Materials; (b) the Purchase of Products and Materials; and (c) the Subcontracting Services between the Company (and its subsidiaries) and Chengdu BOE.

#### **(a) Sale of Products and Materials**

The Company has agreed to sell the Products and Materials to Chengdu BOE, and Chengdu BOE has agreed to pay within 60 days from the last day of each calendar month in respect of the Products and the Materials delivered during that calendar month. The Company shall charge Chengdu BOE a fee based on its direct and necessary costs (including, among others, labor costs, electricity, utilities, equipment depreciation and management fees) plus a profit margin of 1% to 5% with reference to the complexity of the process and market practice. The Company shall also charge Chengdu BOE on an actual basis any expenses in relation to, among others, transportation, insurance and storage. The actual price will be determined with reference to various factors such as the supply and demand of materials, the complexity of the production process and the market price that changes from time to time.

#### **(b) Purchase of Products and Materials**

The Company has agreed to purchase the Products and the Materials from Chengdu BOE, and the Company has agreed to pay within 60 days from the last day of each calendar month in respect of the Products and the Materials delivered during that calendar month. The Company shall pay Chengdu BOE a fee based on Chengdu BOE's direct and necessary costs (including, among others, labor costs, electricity, utilities, equipment depreciation and management fees) plus a profit margin of 1% to 5% with reference to the complexity of the process and market practice. The Company shall also pay Chengdu BOE on an actual basis

any expenses in relation to, among others, packaging, transportation, insurance and storage. The actual price will be determined with reference to various factors such as the supply and demand of materials, the complexity of the production process and the market price that changes from time to time.

(c) Subcontracting Services

The Company has agreed to provide subcontracting services of using its equipment and production technology to make the Materials into the Products according to Chengdu BOE's product specifications and requirements, and Chengdu BOE has agreed to pay within 60 days from the last day of each calendar month in respect of the Products delivered during that calendar month. The Company shall charge Chengdu BOE a fee based on the Company's direct and necessary costs (including, among others, labor costs, electricity, utilities, equipment depreciation and management fees) plus a profit margin of not less than 5%. The Company shall also charge Chengdu BOE on an actual basis any expenses in relation to, among others, materials, packaging, testing, transportation, after-sales service, insurance and storage. The actual price will be determined with reference to various factors such as the supply and demand of materials, the complexity of the production process and the market price that changes from time to time. The terms of the subcontracting services between the Company and Chengdu BOE shall be no less favourable than those with independent third parties under the same product specifications and requirements.

The Company may enter into separate and definitive agreements from time to time with Chengdu BOE to set out, among others, the quantity, specifications and quality requirements of the Products, place and date of delivery, under the Master Framework Agreement.

For the avoidance of doubt, the Company is not contractually bound to conduct the transactions contemplated under the Master Framework Agreement with Chengdu BOE. The Company is free to conduct such transactions with any other independent third parties during the term of the Master Framework Agreement.

For the avoidance of doubt, the specific Products and Materials purchased from one party shall not be sold back to the other party.

**Term**

The Master Framework Agreement will become effective from 10 June 2022 to 31 December 2022 (both days inclusive).

## **ANNUAL CAPS**

The annual caps in respect of the transactions contemplated under the Master Framework Agreement are as follows:

Type of transaction	Annual caps (HK\$'000) For the year ending 31 December 2022
(a) Sale of Products and Materials	130,000
(b) Purchase of Products and Materials	160,000
(c) Subcontracting Services	20,000

The above annual caps were determined between the parties taking into account, among others, the following matters:

- (a) for the Sale of Products and Materials, (1) expected market demand and (2) market price of the Products and the Materials;
- (b) for the Purchase of Products and Materials, (1) expected market demand and (2) market price of the Products and the Materials; and
- (c) for the Subcontracting Services, (1) unit cost of processing fee which is estimated with reference to quotations from or under negotiation with existing independent third parties for providing services similar to the Subcontracting Services and (2) estimated demand on the Subcontracting Services taking into account the anticipated increase in the scale and business operation of Chengdu BOE.

The transactions contemplated under the Master Framework Agreement are new transactions with Chengdu BOE. As such, no historical transaction amounts are available for disclosure purposes.

## **PRICING POLICIES AND INTERNAL CONTROL**

To ensure that the pricing policies as contained in the Master Framework Agreement (including its annual caps), the Company has adopted the following internal control measures:

- (a) for the Sale of Products and Materials, the Group will make reference to the similar transactions conducted by the Group, and no less favourable than the market prices and no less

favourable to the Group than those offered to other independent third party purchasers by the Group (if applicable);

(b) for the Purchase of Products and Materials, the Group will make reference to the similar transactions conducted by the Group, and no less favourable to the Group than those offered by other independent third party suppliers to the Group (if applicable); and

(c) for the Subcontracting Services, before entering into any agreement, the sales and marketing department of the Group compares the principal terms of the Chengdu BOE's processing fee receivable by the Group with that of independent third-party customers and ensure the major terms received by the Group, the pricing policies are fair and reasonable and no less favourable than the terms available to the Group from independent third-party customers. The senior management of the sales and marketing department of the Group will conduct regular checks on a monthly basis to review and assess whether the transactions are conducted under the terms of the Master Framework Agreement.

The finance department of the Group shall monitor and ensure the annual caps under the Master Framework Agreement are not exceeded on a regular basis. The internal audit department of the Group shall review that the transactions contemplated under the Master Framework Agreement are and will be conducted under the terms of the Master Framework Agreement, and report to the audit committee of the Company semi-annually.

The Company's external auditors will review the transactions contemplated under the Master Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The Director(s) who are interested in the relevant transaction(s) shall abstain from voting on matters related to the Master Framework Agreement and the relevant annual caps for the period from 10 June 2022 to 31 December 2022.

The Directors consider that the internal control system of the Group is adequate to ensure that the transactions contemplated under the Master Framework Agreement will be on normal commercial terms and no less favourable to the Company than those offered to/by independent third parties.

## **INFORMATION ON THE PARTIES**

The Group was established in 1978 and the Shares were listed on the Main Board of the Stock Exchange in 1991. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and TP display module assembly capacity.

Chengdu BOE is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company, is owned as to 60% by the Group and 40% by BOE. BOE is an associate of BOE(HK) which is a substantial shareholder of the Company holding approximately 54.31% of the issued share capital of the Company as at the date of this announcement. Chengdu BOE is principally engaged in, among others, manufacturing and sales of smart automotive equipment and display devices.

BOE, a company whose shares are listed on the Shenzhen Stock Exchange (stock code 000725 for its A shares and stock code 200725 for its B shares), is a well-known leading supplier of semiconductor display technologies, products and services and its products are widely used in a broad spectrum of applications such as mobile phones, tablets, notebooks, monitors, televisions, vehicle displays and digital information displays. BOE is one of the leading suppliers of TFT displays in the global market. BOE also has production lines for manufacturing TFT modules mainly for consumer products like phones, tablets, notebook computers, monitors, televisions, vehicle displays and digital information displays. The Group is the sole platform of automotive display module and system business within the BOE Group.

## **REASONS FOR AND BENEFITS OF THE MASTER FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 20 August 2021 and 28 October 2021 and the circular dated 2 December 2021. The Group and BOE entered into the Shareholders' Agreement establishing Chengdu BOE. Chengdu BOE was formed for the purpose of promoting the strategic cooperation between the Company and BOE in the field of automotive and industrial display business, leveraging on resources and the expertise in automotive and industrial display business of the Group and BOE. Since the formation of Chengdu BOE, the Company and BOE have been negotiating actively on the details of the terms of cooperation between the parties, and the Company and BOE has agreed to entrust Chengdu BOE with the management of numerous projects under its control.

By entering into the Master Framework Agreement, the Company would be afforded with the flexibility to purchase and/or sell the Materials and/or the Products from/to Chengdu BOE, as and when the prices are favourable to the Group so as to improve the workflow and income

stream of the Group. Pursuant to the Master Framework Agreement, the price of the Materials and the Products should be on normal commercial terms and no less favourable than those obtained from, or offered to, other independent third parties. Further, as the Group has the servicing capability and capacity for carrying out the Subcontracting Services, it will be beneficial for the Group to provide such services to Chengdu BOE so as to improve the workflow and income stream of the Group.

The Directors (including the independent non-executive Directors) are of the view that (i) the Master Framework Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) the terms of the Master Framework Agreement (including its annual caps) are fair and reasonable; and (iii) the Master Framework Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 54.31% of the issued share capital of the Company as at the date of this announcement. Chengdu BOE is owned as to 60% by the Group and 40% by BOE and is an associate of BOE. Chengdu BOE is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Master Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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## **GENERAL**

As at the date of this announcement, Mr. Gao Wenbao ("Mr. Gao"), an executive Director, holds 1,860,700 A shares of BOE, Mr. Su Ning ("Mr. Su"), an executive Director, holds 150,000 A shares of BOE, Mr. Shao Xibin ("Mr. Shao"), a non-executive Director, holds 787,600 A shares of BOE, Mr. Jin Hao ("Mr. Jin"), a non-executive Director, holds 628,800 A shares of BOE, and Mr. Zhang Jianqiang ("Mr. Zhang"), a non-executive Director, holds 641,500 A shares of BOE. In addition, Mr. Gao is a director and the president of the 10th board of directors, vice-chairman of the executive committee of BOE Technology Group, the chief executive officer of Display Business Group of BOE. Mr. Su is currently the general

manager of automotive SBU of the Display Business Group of BOE. Mr. Shao is the chief new product officer of Display Business Group of BOE. Mr. Jin is a head of the production and sales management centre of Display Business Group of BOE and Display Device of BOE. Mr. Zhang is the head of financial operation management of Display Business Group of BOE and the regional financial director of BOE in Hefei.

Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Mr. Zhang present at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting to approve the Master Framework Agreement (including its annual caps). Save as disclosed above, none of the Directors has a material interest in the Master Framework Agreement and was required to abstain from voting on the Board resolutions.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

- “associate” : has the same meaning as ascribed to it under the Listing Rules
- “Board” : the board of Directors
- “BOE” : BOE Technology Group Co., Ltd.
- “BOE(HK)” : BOE Technology (HK) Limited, a wholly-owned subsidiary of BOE
- “BOE Group” : BOE and its subsidiaries
- “Company” : BOE Varitronix Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
- “Chengdu BOE” : Chengdu BOE Automotive Electronic Limited\* (成都京東方汽車電子有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
- “connected person” : has the same meaning as ascribed to it under the Listing Rules



“Director(s)”	: director(s) of the Company
“Group”	: the Company and its subsidiaries
“Hefei BOE”	: Hefei BOE Vehicle Display Technology Co., Ltd.* (合肥京東方車載顯示技術有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	: the Hong Kong Special Administrative Region of the PRC
“Link Score”	: Link Score Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Framework Agreement”	: a framework agreement entered into between the Company and Chengdu BOE dated 10 June 2022 in relation to (a) the Sale of Products and Materials; (b) the Purchase of Products and Materials; and (c) the Subcontracting Services, for a term from 10 June 2022 to 31 December 2022.
“Materials”	: raw materials used for manufacturing of TFT/TP modules and other products including the raw materials, auxiliary materials, molds and related processing or production supplies
“PRC”	: the People’s Republic of China (which for the purpose of the Master Framework Agreement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Products”	: liquid crystal display modules or other products processed or sold by one party for the other party under the Master Framework Agreement, including finished products, semi-finished products and related finished products

“Purchase of Products and Materials”	:	purchase of the Products and the Materials from Chengdu BOE under the Master Framework Agreement
“Sale of Products and Materials”	:	sale of the Products and the Materials to Chengdu BOE under the Master Framework Agreement
“Share(s)”	:	the ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	:	holder(s) of the Share(s)
“Shareholders’ Agreement”	:	the agreement entered into among Link Score, Hefei BOE and BOE on 20 August 2021 in relation to the formation of Chengdu BOE
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subcontracting Services”	:	use of the Company's equipment and production technology to make the Materials into the Products according to Chengdu BOE's product specifications and requirements under the Master Framework Agreement
“substantial shareholder”	:	has the same meaning as ascribed to it under the Listing Rules
“TFT”	:	thin film transistor
“TP”	:	touch panel
“%”	:	per cent

By Order of the Board  
**BOE Varitronix Limited**  
**Gao Wenbao**  
Chairman

Hong Kong, dated 10 June 2022

*As at the date of this announcement, the Board comprises nine Directors, of whom Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha and Mr. Su Ning are executive Directors, Mr. Shao Xibin, Mr. Jin Hao and Mr. Zhang Jianqiang are non-executive Directors, and Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Hou Ziqiang are independent non-executive Directors.*

*\* For identification purposes only*