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

CONTINUING CONNECTED TRANSACTION
MASTER FRAMEWORK AGREEMENT -
FACTORY MAINTENANCE SERVICES

On 8 May 2023 (after trading hours), the Company and BOE Environmental and Energy entered into the Master Framework Agreement, pursuant to which the Group may engage BOE Environmental and Energy to provide factory facilities repair, maintenance and related services from 8 May 2023 to 31 December 2024 (both days inclusive).

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 53.02% of the issued share capital of the Company as at the date of this announcement. BOE Environmental and Energy is a wholly-owned subsidiary of BOE and an associate of BOE(HK) and 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 Factory Maintenance Services Annual Caps and all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Master Framework Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 8 May 2023 (after trading hours), the Company and BOE Environmental and Energy entered into the Master Framework Agreement.

MASTER FRAMEWORK AGREEMENT

The principal terms of the Master Framework Agreement are as follows:

Date : 8 May 2023 (after trading hours)

Parties : (i) the Company; and
(ii) BOE Environmental and Energy

Transactions

Pursuant to the Master Framework Agreement, the Group may engage BOE Environmental and Energy to provide factory facilities repair, maintenance and related services during the term of the Master Framework Agreement.

The Master Framework Agreement is a framework agreement which contains the principles, mechanisms, and terms and conditions upon which the parties thereto are to carry out the transactions contemplated thereunder. The Group may enter into specific agreements and/or contracts engaging BOE Environmental and Energy to provide factory facilities repair, maintenance and related services. The terms and conditions of such specific agreements and/or contracts shall be consistent with those of the Master Framework Agreement.

Service fees

BOE Environmental and Energy shall charge the Group service fees according to the pricing policies for provision of Factory Maintenance Services, with reference to the following:

- i) Basic maintenance fee – relates to labor costs incurred by BOE Environmental and Energy in providing basic maintenance services such as daily inspection, point inspection, equipment and/or its system adjustment and optimization, and equipment and/or its system operation, etc.; and
- ii) Additional service fee – relates to costs incurred by BOE Environmental and Energy in providing repair and maintenance services to ensure normal operation of the factory facilities and/or its systems. The additional service fee covers equipment and/or system

repair services, spare parts replacements and adjustment services, testing services, and outlay incurred for the above services.

For the avoidance of doubt, the Company and BOE Environmental and Energy are not contractually bound to conduct the transactions contemplated under the Master Framework Agreement with each other. The Group and BOE Environmental and Energy can conduct such similar transactions with any other third parties during the term of the Master Framework Agreement.

Terms

The Master Framework Agreement will become effective from 8 May 2023 to 31 December 2024 (both days inclusive).

Pricing policies

BOE Environmental and Energy shall charge the Group basic maintenance fees and additional service fees on a “cost-plus” basis, which are determined based on the scope and the complexity of the factory facilities repair, maintenance and related services required and the direct costs incurred by BOE Environmental and Energy. The profit margin is determined based on the scope and the complexity of the factory facilities repair, maintenance and related services required and actual work performance and efficiency and shall not be more than 5%.

Payment terms

The Group shall pay BOE Environmental and Energy within 60 days after invoice is received.

HISTORICAL FIGURES AND PROPOSED FACTORY MAINTENANCE SERVICES ANNUAL CAPS

The Group had not engaged BOE Environmental and Energy for transactions which are similar in nature to the Factory Maintenance Services, thus no historical transaction figure is available. The Factory Maintenance Services Annual Caps for the period from 8 May 2023 to 31 December 2023 and the year ending 31 December 2024 are HK\$11 million and HK\$17 million respectively, which are determined with reference to:

- (i) estimated demand on the Factory Maintenance Services taking into account the anticipated scale of repair, maintenance and related services of the Group;
- (ii) estimated costs with reference to costs provided by independent third parties; and
- (iii) an additional buffer of approximately 5%.

INTERNAL CONTROLS

Before entering into each specific agreement and/or contract under the Master Framework Agreement, the production management department of the Group shall solicit quotations from at least two independent service providers and compare the principal terms of such specific agreement and/or contract with those of independent service providers and ensure the major terms (including service fees) and the pricing policies are fair and reasonable and no less favourable than the terms available to the Group from independent service providers. The senior management of the production management department of the Group shall conduct regular checks on a monthly basis to review and assess whether the Factory Maintenance Services are conducted in accordance with the terms of the Master Framework Agreement.

The finance department of the Group shall monitor and ensure the Factory Maintenance Services Annual Caps are not exceeded on a regular basis.

The internal audit department of the Group shall review that the Factory Maintenance Services are and will be conducted in accordance with the terms of the Master Framework Agreement, and report its findings to the audit committee of the Company semi-annually.

The Company's external auditors will review the Factory Maintenance Services annually to check and confirm, among others, whether the pricing policies are in accordance with the Master Framework Agreement and whether the relevant caps have been exceeded.

The Directors who are interested in the Master Framework Agreement have abstained from voting at the Board meeting approving the Master Framework Agreement (including its annual caps).

The Directors consider that the internal control system of the Group is adequate to ensure that the Factory Maintenance Services will be on normal commercial terms and no less favourable to the Company than those offered 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.

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), being the ultimate beneficial owner holding approximately 53.02% of the issued share capital of the Company as at the date of this announcement, is a 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 major 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. The ultimate beneficiary of BOE was the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government.

BOE Environmental and Energy is a wholly-owned subsidiary of BOE. Its main businesses are technical development, technical consulting, technology transfer, technical promotion, technical services, technical testing of facility management, construction project consulting, smart maintenance, energy-saving technology, environmental protection new energy technology, low-carbon operation, environmental protection equipment, resource recycling; software development; and contract energy management, etc.

REASONS FOR AND BENEFITS OF THE MASTER FRAMEWORK AGREEMENT

Chengdu plant of the Group, which focus on production of high-end display products commenced operation. As a result, the management of the Company expects that the Group's business will continue to grow and the demand of factory facilities repair, maintenance and related services would be increased accordingly.

Over the years, BOE Environmental and Energy has accumulated extensive experience in facilities repair, maintenance and related services with the technical know-how. Its teams are located in many regions, including Chengdu, of the PRC and have rich resources and professional capabilities. Being a well-established market leader in the industry and equipped with the well-established streamline supply chain and the profound technical maintenance team, BOE Environmental and Energy can provide the Group with professional facilities repair, maintenance and related services for the expansion of manufacturing facilities in the PRC while leverage its local presence such as Chengdu. Therefore, the Group regards BOE Environmental and Energy as a competitive and reliable service provider which can offer (i) high quality services at competitive price; and (ii) efficient, timely and professional services to reduce the Company's cost of establishing relevant departments and teams separately.

By entering into the Master Framework Agreement, the Board considers that the Group would be benefited (but not an obligation) from the flexibility of obtaining the industry-leading personnel and services of facilities repair, maintenance and related services from BOE Environmental and Energy with competitive cost. The transactions contemplated under the Master Framework Agreement can also facilitate the operation and production of the Group, in particular, Chengdu plant, to quickly enter into optimal scale of production and operation with competitive cost of production for further growth.

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 53.02% of the issued share capital of the Company as at the date of this announcement. BOE Environmental and Energy is a wholly-owned subsidiary of BOE and an

associate of BOE(HK) and 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 Factory Maintenance Services Annual Caps and all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Master Framework Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, Mr. Gao Wenbao ("Mr. Gao"), an executive Director, holds 1,860,700 A shares of BOE, and is currently the group president and BOEU principal of the back-desk (business support system) of BOE, and the chief commander of the mid-desk of Chengdu automotive display technology project team of the display device and the IoT innovation business of BOE, the front-desk head and the B11 deputy head of the mid-desk of OLED manufacturing centre of the mid-desk of manufacturing of the display device and the IoT innovation business of BOE; Mr. Su Ning ("Mr. Su"), an executive Director, holds 150,000 A shares of BOE, and is currently the general manager of the front-desk of automotive SBU and the executive chief commander of the mid-desk of Chengdu automotive display technology project team of the display device and the IoT innovation business of BOE; Mr. Shao Xibin ("Mr. Shao"), a non-executive Director, holds 787,600 A shares of BOE, and is currently the chief new product officer of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the deputy head of LCD product development centre of the mid-desk of the technology and product of the display device and the IoT innovation business of BOE, the deputy head of the mid-desk of the technology and the product mid-desk terminal product and technology coordination of the display device and the IoT innovation business of BOE; Mr. Jin Hao ("Mr. Jin"), a non-executive Director, holds 379,500 A shares of BOE, and currently the deputy person in charge of the mid-desk of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the deputy head of the mid-desk of the production and marketing operation centre of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the team leader of the front-desk of the display business digital transformation management office of the front-desk of the display device and the IoT innovation business of BOE and the team leader of business operation team of Shenzhen of the mid-desk of the display device and the IoT innovation business of BOE; and Mr. Meng Chao ("Mr. Meng"), a non-executive Director, is interested in 537,500 issued A shares of BOE, and is currently the head of the financial operation management center in Display Devices and IoT Innovation Business of CFO organisation of the back-desk of BOE (business support system), and the head of the back-desk (business support system) of CFO

organisation of the budgeting center.

Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Mr. Meng presented at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting approving 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, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000725 for its A shares and stock code: 200725 for its B shares), a company established in the PRC with limited liability
- “BOE Environmental and Energy” : BOE Environmental and Energy Technology Co., Ltd (京東方環境能源科技有限公司), a company established in the PRC with limited liability
- “BOE(HK)” : BOE Technology (HK) Limited, a company established in Hong Kong with limited liability, which is a wholly-owned subsidiary of BOE
- “Company” : BOE Varitronix Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
- “connected person” : has the same meaning as ascribed to it under the Listing Rules
- “Director” : director of the Company

“Factory Maintenance Services”	:	all transactions contemplated under the Master Framework Agreement
“Factory Maintenance Services Annual Caps”	:	the proposed maximum annual service fee payable by the Group to BOE Environmental and Energy for the Factory Maintenance Services under the Master Framework Agreement
“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
“LCD”	:	liquid crystal displays
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Framework Agreement”	:	a master framework agreement entered into between the Company and BOE Environmental and Energy dated 8 May 2023 in relation to the provision of the Factory Maintenance Services from 8 May 2023 to 31 December 2024 (both days inclusive)
“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)
“Share”	:	an ordinary share of HK\$0.25 each in the share capital of the Company
“Shareholder”	:	holder of the Share
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

“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 8 May 2023

As at the date of this announcement, the Board comprises ten 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. Meng Chao are non-executive Directors, and Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa, Mr. Hou Ziqiang and Mr. Pang Chunlin are independent non-executive Directors.