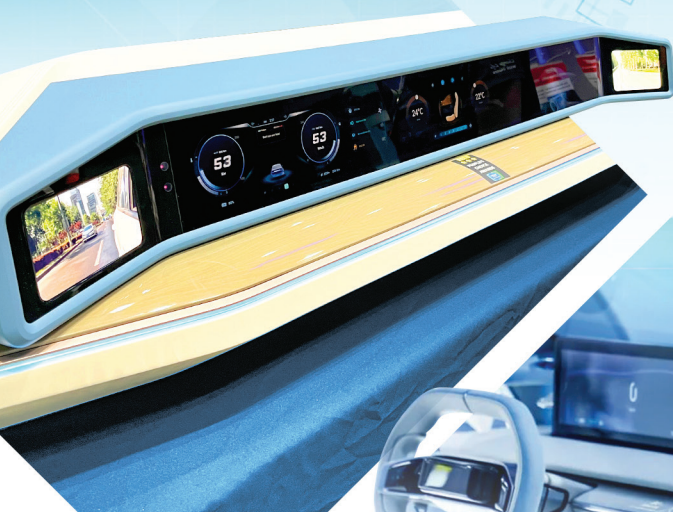


# BOE

**BOE VARITRONIX LIMITED**

Stock Code 710

INTERIM REPORT **2024**





## MISSION

Our evolutionary journey in the center of excellence for display technology and solutions.

## VISION

To be the leader of intelligent automotive displays and solutions.



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# ABOUT BOE VARITRONIX

BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") were established in 1978 and the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited in 1991. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and thin film transistor (TFT) and touch panel display module assembly capacity.

The Company is a subsidiary of BOE Technology Group Co., Ltd. ("BOE"). BOE 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, automotive displays and digital information displays. The Company falls under Display and Sensor Business Group of the BOE Group. The Company focuses on automotive and industrial display module business and is the sole platform of the BOE Group for automotive display and system businesses.

The Group is now in a global leading position with the highest market shares in terms of overall automotive TFT display products and in medium-to-large size display modules. Our vision is to become a leading integrated automotive smart cockpit display system solution provider.



京东方精电45周年  
BOEVx 45th Anniversary  
since 1978



# CORPORATE INFORMATION

The corporate information of BOE Varitronix Limited as of the latest practicable date\* prior to the issue of this interim report, is as follows:

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS:

Mr. Gao Wenbao (*Chairman*)  
Ms. Ko Wing Yan, Samantha  
Mr. Su Ning

### NON-EXECUTIVE DIRECTORS:

Mr. Shao Xibin  
Mr. Jin Hao  
Mr. Meng Chao

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Fung, Yuk Kan Peter  
Mr. Chu, Howard Ho Hwa  
Mr. Pang Chunlin

## COMPANY SECRETARY

Mr. Chung Kai Cheong

## AUTHORIZED REPRESENTATIVE

Ms. Ko Wing Yan, Samantha  
Mr. Chung Kai Cheong

## AUDIT COMMITTEE

Mr. Fung, Yuk Kan Peter (*Chairman*)  
Mr. Chu, Howard Ho Hwa  
Mr. Pang Chunlin

## REMUNERATION COMMITTEE

Mr. Fung, Yuk Kan Peter (*Chairman*)  
Mr. Gao Wenbao  
Ms. Ko Wing Yan, Samantha  
Mr. Chu, Howard Ho Hwa  
Mr. Pang Chunlin

## NOMINATION COMMITTEE

Mr. Gao Wenbao (*Chairman*)  
Mr. Su Ning  
Mr. Fung, Yuk Kan Peter  
Mr. Chu, Howard Ho Hwa  
Mr. Pang Chunlin

## INVESTMENT COMMITTEE

Mr. Gao Wenbao (*Chairman*)  
Ms. Ko Wing Yan, Samantha  
Mr. Su Ning  
Other members who are not directors of the Company

## INDEPENDENT AUDITORS

KPMG  
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

## LEGAL ADVISER

Baker & McKenzie

## PRINCIPAL BANKERS

### (IN ALPHABETICAL ORDER)

Agricultural Bank of China Limited  
Bank of China Limited  
Bank of China (Hong Kong) Limited  
Bank of Chengdu Co., Ltd.  
Bank of Communications Co., Ltd.  
China Citic Bank International Limited  
China Merchants Bank Co., Ltd.  
CMB Wing Lung Bank Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
MUFG Bank, Ltd.  
Shanghai Pudong Development Bank Co., Ltd.  
The Hongkong and Shanghai Banking Corporation Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

\* the latest practicable date: 11 September 2024, being the latest practicable date prior to the issue of this interim report



## CORPORATE INFORMATION

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units A-F, 35/F., Legend Tower  
No. 7 Shing Yip Street  
Kwun Tong, Kowloon  
Hong Kong

### PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House  
41 Cedar Avenue  
Hamilton HM 12, Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17/F., Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

### LISTING INFORMATION

The Stock Exchange of Hong Kong Limited  
Stock Code: 710

### CONSTITUENT STOCK BY HANG SENG INDEXES COMPANY LIMITED AND HONG KONG STOCK CONNECT

1. Hang Seng Composite Index
2. Hang Seng Small Cap (Investable) Index
3. Hang Seng Stock Connect Hong Kong Index
4. Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index
5. Hang Seng Stock Connect Hong Kong SmallCap Index
6. Hang Seng SCHK Mainland China Companies Index
7. Hang Seng SCHK Automobile Index
8. Hang Seng China State-holding Enterprises Index

### COMPANY WEBSITE

<http://www.boevx.com>  
WeChat ID: BOEVX0710

### INVESTOR RELATIONS CONTACT

[investor@boevx.com](mailto:investor@boevx.com)





# CHAIRMAN'S STATEMENT

<b>Highlights</b>		
HK\$ million	<b>For the six months ended 30 June 2024</b>	For the six months ended 30 June 2023
Revenue	6,157	5,210
EBITDA <sup>1</sup>	315	324
Profit Attributable to Shareholders	172.1	202.5
Profit Attributable to Shareholders excluding grants and net exchange gain	142.3	138.3
Basic Earnings per Share	21.9 HK cents	25.8 HK cents
Diluted Earnings per Share	21.8 HK cents	25.7 HK cents
Operating cash inflow/(outflow)	795	(380)
	<b>As of 30 June 2024</b>	As of 31 December 2023
Cash resources <sup>2</sup>	3,944	3,572
Cash and Fixed Deposits Balance	3,496	3,501

<sup>1</sup> EBITDA means profit for the period plus the following to the extent deducted in calculating such profit for the period: finance costs, income tax, depreciation and amortisation.

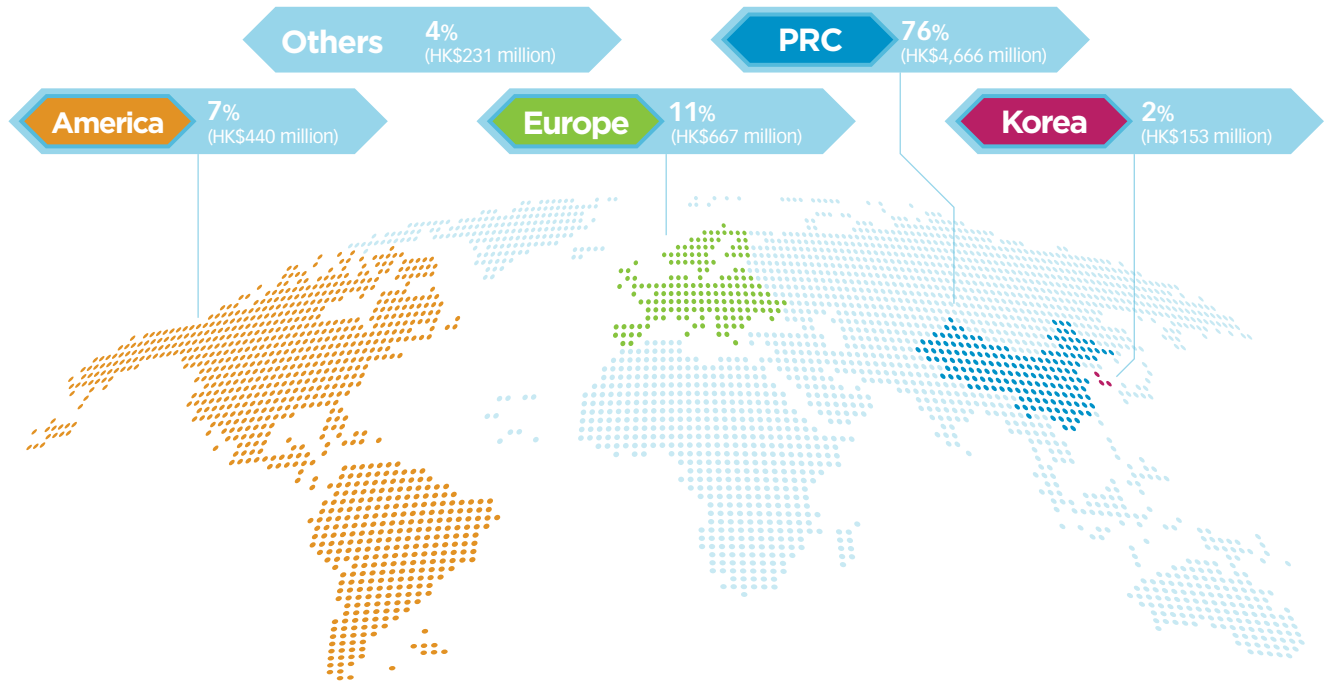
<sup>2</sup> Cash resources include cash and cash equivalents, fixed deposits, other financial assets and restricted bank deposits.



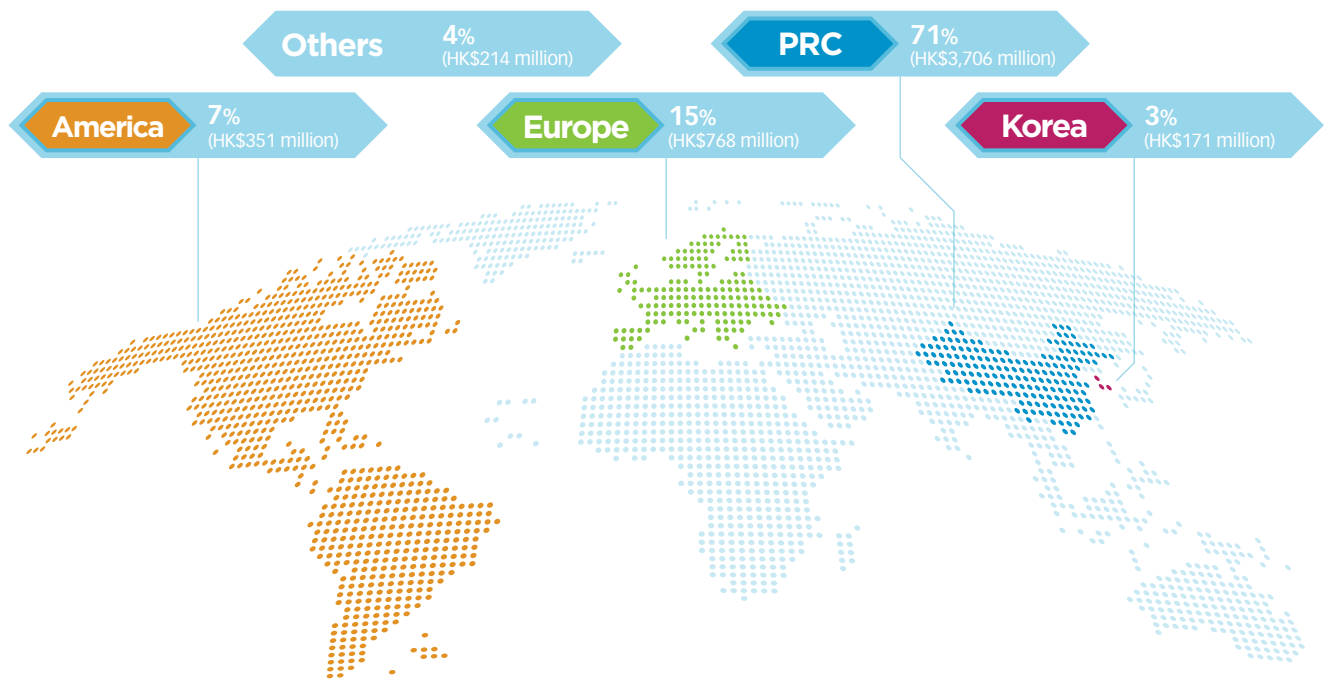
## CHAIRMAN'S STATEMENT

### REVENUE BY GEOGRAPHY (By delivery location)

FOR THE 6 MONTHS ENDED 30 JUNE 2024



FOR THE 6 MONTHS ENDED 30 JUNE 2023



\* The above analysis is based on the location at which the services were provided or the goods delivered, analysis by location of sourcing decision is annexed on page 24 for reference.



**CHAIRMAN'S  
STATEMENT**

On behalf of BOE Varitronix Limited (the "Company") and its subsidiaries ("BOEVX" or the "Group"), I present the results for the six months ended 30 June 2024 (the "period under review").

During the period under review, revenue of HK\$6,157 million was recorded, an increase of 18% when compared with HK\$5,210 million recorded for the same period of 2023. EBITDA of the Group was HK\$315 million, 3% lower than HK\$324 million recorded for the same period of 2023. The profit attributable to shareholders was HK\$172.1 million, a decrease of 15%, when compared to that for the same period of 2023.

The Group has strong cash resources and in a net cash position. As at 30 June 2024, the Group has total cash resources of HK\$3,944 million, compared to HK\$3,572 million at the end of 2023. The Group has bank loans of HK\$607 million as at 30 June 2024, a decrease of 2% when compared with HK\$620 million as at the end of 2023. Among the bank loans of HK\$607 million, HK\$432 million is long-term borrowing mainly to facilitate our capital expenditure. The increase in our overall cash resources and decrease in bank loans were attributable to our rigorous efforts in working capital management. The Group is committed to maintain the bank borrowings at an appropriate level to maintain a healthy gearing, with main source of funding from its operation.



**Mr. Gao Wenbao**  
*Chairman*

## CHAIRMAN'S STATEMENT

The Group's revenue growth was primarily driven by increased sales across our Thin Film Transistor (TFT) products, touch panel display modules, and automotive system products as mainly contributed by notable growth of New Energy Vehicle ("NEV") and fulfilled by our increased production capacity.

The Group's TFT module business and touch panel display module business contributed around 93% of the Group's revenue while the revenue from monochrome display business decreased in its contribution during the period under review. Among the Group's revenue, automotive display business contributes 93% and the remaining mainly represents industrial display business.

During the period under review, the profit attributable to shareholders decreased by approximately HK\$30.4 million, or 15%, compared to the same period last year. The decrease is primarily driven by the decrease in government grants and exchange gains, if excluding those impact, the profit attributable to shareholders for the period under review would have been increased as compared to that for the same period last year.

The overall operating profit margin was hit by the impact of price adjustments, cost of inventory, as well as increased staff costs, depreciation of property, plant and equipment incurred for the manufacturing facilities in Chengdu, China (the "Chengdu Plant") for the full effect of operation in 2024 as compared to the initial ramp-up phase in first half of 2023. In addition, the increase in freight charges due to geo-political conflicts, the increase in sales, marketing and commission expenses for our increased effort for the overseas market exploration, the increase in insurance and quality assurance expenses for the protection of recoverability as well as the increase in subcontracting fees due to urgent orders also impacted our profitability. We are committed to work to reduce our production and operating costs to improve profitability.

EBITDA has decreased by 3% to HK\$315 million, with EBITDA margin of approximately 5.1% (30 June 2023: 6.2%) of the Group's revenue. The decrease was mainly due to the same factors as the decrease of profit attributable to shareholders mentioned above. The lower magnitude in decrease as compared to that of the profit attributable to shareholders was mainly due to the impact of depreciation, and with the further optimisation of our production capacity and our continuous effort for better supply chain management in future, we believe that the net profit attributable to shareholder margin shall be positively impacted.



## DIVIDENDS

The Group has no change in its dividend policy.

The Board (the "Board") of Directors (the "Directors") has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## BUSINESS REVIEW

### AUTOMOTIVE DISPLAY BUSINESS

For the period under review, the revenue for the automotive display business was HK\$5,752 million, an increase of 24% from the revenue of HK\$4,646 million recorded in the same period of 2023. This automotive display business represented approximately 93% of the Group's overall revenue. Our system business focused on intelligent display systems, advanced display systems, intelligent cockpit systems, overseas display systems and other related product offerings, the revenue of our system business has increased significantly compared to the same period last year.

The Group has maintained number one market share in the global automotive display market in terms of delivery quantity, area and in particular, delivery for displays 8 inches and above in size according to Omdia data. Our customers' headquarter and decision-making unit cover all over the world, and with the increasing overall manufacturing, subcontracting, processing capability of our global customers in the People's Republic of China (the "PRC"), delivery to the overseas' and China's customers PRC designated location contributes the most of our revenue. Our customer base has been expanding and covers a majority of the top 20 PRC automotive manufacturers, NEV manufacturers and overseas automotive manufacturers.

The PRC government has implemented supportive policies such as trade-in incentives for old vehicles, initiatives to bring NEV to rural areas, and tax concessions. Concurrently, leading NEV manufacturers launch new models and adjusted pricing, driving a considerable increase in NEV sales across the PRC market and expedite our sales accordingly.

## CHAIRMAN'S STATEMENT

Our revenue from overseas maintains stable. In the United States, despite the macroeconomic headwinds of high inflation and rising interest rates, we achieved positive revenue growth, thanks to our strategic investments in research and development ("R&D") as well as enhanced customer service capabilities such as establishment of our new office in Michigan to provide prompt support to customers. Additionally, we have successfully extended our product applications to agricultural vehicles and won new business. We will continue to explore new applications to grab additional growth.

In Japan, we have actively participated in exhibitions held by Japanese automakers, receiving positive market responses. Our revenue has recorded significant growth thanks to our efforts in advanced product technology development and superior customer services accelerated by the establishment of our new office in Nagoya, Japan.

\* The above analysis is based on the location at which the services were provided or the goods delivered, analysis by location of sourcing decision is annexed on page 24 for reference.

During the period under review, we implemented a comprehensive series of quality control measures, continued to enhance our quality management and improvement systems, and consequently gained more trust from our customers. We have established a Quality Control Committee ("QCC") in 2024 and implemented centralized quality management to ensure consistent supplier performance oversight across our manufacturing facilities. The QCC monitors supplier quality and implements measures to meet our stringent quality requirements. We have also deployed automated production processes to stabilize output and maintain quality consistency.

Externally, we conduct rigorous assessments of suppliers, utilizing best-in-class suppliers as benchmarks to evaluate their capabilities and quality rating. Closely reference to the quality specifications and comments of our customers is the primary factor for choosing suppliers. We also convene regular supplier meetings to thoroughly communicate and align on our quality standards. The above measures have bringing us improving quality during the period under review.

The Chengdu Plant was set up in late 2022, it leverages state-of-the-art production equipment, such as super-sized display product's production capacity to meet the market needs. The Chengdu Plant is ramping up to achieve better operational efficiency to enhance our profitability of the automotive display business.

### INDUSTRIAL DISPLAY BUSINESS

For the period under review, the industrial display business generated revenue of HK\$406 million, a decrease of approximately 28% from HK\$564 million recorded for the same period of 2023. This business represented approximately 7% of the Group's overall revenue.

The decrease of revenue during the period under review was primarily attributable to lower demand from industrial meters and high-end home application consumer products for the period under review compared to the same period 2023.





## INDUSTRY REVIEW

In the first half of 2024, the global geopolitical landscape experienced an escalation of tensions, accompanied by a persistently high inflationary environment. The growth trajectories of most major economies slowed down, leading to an increase in the complexity, severity and uncertainty surrounding global economic development. This unfavourable external environment also had a discernible impact on the PRC economy, presenting various challenges for industries and trade sectors.

The PRC government intensified its macroeconomic control efforts. The focus was placed on expanding domestic demand, optimizing the economic structure, and bolstering confidence. According to the National Bureau of Statistics, PRC GDP in the first quarter of 2024 recorded a 5.3% period-over-period increase, surpassing market expectations. The stable growth observed in consumption, exports, and per capita disposable income of residents suggests a positive outlook for PRC economic prospects.

According to statistics from the China Association of Automobile Manufacturers ("CAAM") in the first half of 2024, the production and sales volume of automobiles in the PRC increased period-over-period by 4.9% and 6.1%, reaching 13.9 million units and 14.0 million units respectively, and the production and sales volume of NEV in the PRC recorded a period-over-period growth of 30.1% and 32% respectively, reaching 4.9 million units each. The automobile industry has become an important driving force behind PRC industrial economic growth.

Globally, the European and the United States markets are on a long-term trajectory towards reducing reliance on fuel-powered vehicles and increasing adoption of NEV. However, there are still significant near-term challenges. In the broader macroeconomic context, factors such as economic downturn, high inflation, elevated interest rates, and geopolitical conflicts have dampened consumer demand for vehicles. The lack of government subsidies and insufficient NEV infrastructure have also hindered the growth of NEV sales in the overall European and American markets. The European Union has recently imposed extra duties of up to 37.6% on imports of electric vehicles NEV made in China, this may change the competitive landscape among manufacturers globally.

In the Japanese and Korean markets, the overall development of the NEV industry has also been hindered by the prevailing economic downturn and insufficient charging infrastructure, resulting in a downward trend in the overall sales volume.

In Japan, the sales volume of imported NEV brands has recorded considerable growth, reflecting the Japanese market's continued importance as an overseas target for PRC NEV manufacturers.

In the Korean market, the local automotive makers plan to introduce more affordable NEV models, which is expected to promote the popularity of NEV and accelerate the development of the necessary supporting infrastructure. This suggests a positive trajectory for NEV adoption in the Korean market going forward.

For the overall market, leading automotive companies will achieve higher sales volume with price competitiveness, while the smaller players will face huge pressure.

## BUSINESS OUTLOOK

We believe our automotive business will continue to be the core focus of our operations. The Automotive Display segment presents us with ample growth opportunities. At the same time, the Industrial Display business maintains considerable profitability, which remains an important component of our overall strategy.

### AUTOMOTIVE DISPLAY BUSINESS

The automotive display device business represents a vast, tens of billion-level market with significant room for growth. The global automotive display modules market is exhibiting a steady upward trajectory, particularly in emerging technologies such as oxide and Low Temperature Poly-silicon ("LTFS"), which we are well-equipped. According to Omdia data, the total global in-vehicle display module shipments, the global medium and large-sized (8 inches and above) shipments and the global oxide and LTFS shipments are forecasted to have a compound annual growth rates of 4.34%, 7.98% and 20.40% over the next three years respectively.

## CHAIRMAN'S STATEMENT

The automotive industry is transitioning from electrification to artificial intelligence, high-end display technologies, and large-screen capabilities. Smart cockpit solutions will be increasingly integrated and empowered by artificial intelligence to achieve more advanced functionalities.

The NEV industry is a strategic priority for the PRC government as mentioned in the Industry Review section, with ample opportunities for us.

Globally, the US and the European markets will keep opening with opportunities as mentioned in the Industry Review section with caution in protecting local interests. We have a strategy to increase our global sales by improving our local presents, product diversities, quality, responsiveness to the market and cost competitiveness.

As regard to products mix, liquid crystal display ("LCD") technology remains the predominant solution with its cost competitiveness compared to that of organic light-emitting diode ("OLED") due to the complex manufacturing process and higher investment cost. With the pursuance of higher quality displays, we believe more advanced technology as annexed in Technology Development section below will be applied. We will work with our suppliers, among others, to utilise our major shareholder's new 8.6 higher-generation OLED production line in Chengdu to strive for higher competitiveness when appropriate.

Amid the ample opportunities ahead, the automotive market is rapidly consolidating around the top-tier NEV manufacturers, with leading players is poised to increase significantly in future. We anticipate that the expansion of the industry will create additional revenue and profitability opportunities and this attracted intensifying competition, market share of less competitive players is being conquered by the prominent players through price wars.

Those supply chains are adapting to the new industry dynamics. We remain cautious about business with emerging automotive startups and are proactively promoting changes within the supply chain, improving cost management of our plants and driving cost down to respond to remain competitive. We will also maintain our steadfast commitment to support prominent players and keep the robust strategic partnerships with them.

We will further enhance the production, R&D, and customer service capabilities for the current and potential businesses, and deploy core technologies and human resources to achieve sustained and rapid business growth. Meanwhile, we are exploring the need to establish overseas production facilities to cater for the needs of different customers. Such overseas capital expenditure will be invested gradually, with the goal of aligning order intake and production capacity.





## INDUSTRIAL DISPLAY BUSINESS

Customers are shifting to different kind of displays including TFT, the Group continues to explore the possibility of applying TFT technology to other products and has successfully obtained automotive related industrial display business. We believe that our quality has been recognized and are confident in pursuing other cooperation opportunities in future.

## STRATEGIC DEVELOPMENT PLAN

With a long establishment, we have made significant progress in strengthening our internal capabilities and securing sufficient cash and resource reserves to support our rapid expansion. Maintaining an asset-light model, we leverage the existing production capacity of BOE Technology Group Co., Ltd. and its subsidiaries (the "BOE Group") across various locations to meet market demand with relatively modest investments.

We continue to hold advantages in high-end and large-size product segments. Benefit from the advanced-generation production lines, whether amorphous silicon or oxide-based, our investment and mass production timelines enabling us to remain competitive in maintaining cost, supply capacity, and quality advantages. We will also take advantage of our controlling shareholders, the BOE Group which has unparalleled resources in R&D technology and production capacity. It is beneficial for us to leverage on the manufacturing of the BOE Group.

The Group remains resolute in its efforts to expand the automotive display business, solidifying its market-leading position while setting clear short-term and long-term strategic objectives. We will continue to execute its "three-step development strategy" that is to further strengthen the leading position of the automotive display device business, then to explore the development of the automotive display system business, and ultimately grasp the development opportunities from system and smart cockpit solutions. Our system business is experiencing accelerated growth riding on our "HERO" (Healthiness, Entertainment, Relaxation and Office) application together with the smart cockpit solutions empowered by artificial intelligence ("AI"). The "three-step development strategy" is achieving initial positive results.

Sustainable development is crucial to the Group's success, and we place great emphasis on environmental protection and sustainability. Our production plants regularly measure and monitor pollutant emissions, we also take a collaborative approach to supply chain for the overall sustainability management, and set 2025 targets for reducing carbon emissions, energy and water consumption, and waste, and undertake to achieve "carbon neutrality" by 2050. The Group held its 2024 Annual Supplier Quality Conference in Chengdu, with the theme "Quality First, Shape Future", for the purpose of further strengthening communication and cooperation with suppliers and aiming to provide customers with better quality products and services and sustainability of the environment.

## CHAIRMAN'S STATEMENT

### TECHNOLOGY DEVELOPMENT

The automobile intelligence has driven the market demand for in-vehicle display applications to become more diversified. The smart cockpit industry is currently booming. The number and average size of the new generation of smart car display screens have increased significantly, and they are used in instrument cluster, mid-console, heads-up displays, electronic mirrors, rear-seat entertainment and other scenes of display market demand continues to expand. With the maturity of 5G and AI technology, the popularity of new scenes and new applications is accelerating, and smart cockpits will become the "third space" for users' mobile travel scenarios. The Group has deeply participated in the intelligent development of the global automotive industry with its profound technological accumulation and firm investment in innovation, providing unlimited possibilities for the flourishing of the intelligent cockpit industry.

In 2023, the Group officially released the "HERO" project for application scenarios in the era of smart cars. In future, we will work with global partners to create more smart cockpit scenario-based experiences, including Healthiness, Entertainment, Relaxation and Office, the Group will improve its technology based on existing products, integrate more innovative products and solutions into the vehicle design, and create more values for customers.

### AUTOMOTIVE OXIDE TECHNOLOGY

With the increasing demand for high resolution, narrow borders, and low power consumption, traditional amorphous silicon ("a-Si") can no longer meet the requirements of use. Therefore, it is necessary to find other semiconductors with higher electron mobility to meet the requirements of use. Some oxide semiconductors, represented by indium gallium zinc oxide ("IGZO"), have become the best choice to replace traditional a-Si due to their simple fabrication process and high electron mobility. In order to improve product performance, the Group is also constantly pursuing technological innovation.

The Automotive Oxide Technology is a major breakthrough in improving the display performance based on the a-Si technology. The Oxide Technology has now fully passed Automotive Reliability Verification.

The Automotive Oxide Product Specifications are comprehensively superior to a-Si Technology, such as narrow borders, high transmittance and low power consumption, etc., combined with Touch and Display Driver Integration ("TDDI") technology, providing excellent touch performance and touch experience. Compared to LTPS technology, it has low leakage current characteristics and can achieve low-frequency driving when there is no update on the screen, further reducing power consumption. In terms of process, the Oxide Technology has



(2024 Beijing International Automotive Exhibition)

better uniformity in preparation and can produce full-size panels to achieve large-scale automotive display. It also has significant cost advantages in automotive display applications and a high cost performance ratio. The Group launches the world's first Automotive 14.6-inch Quad High Definition ("QHD") Oxide Display Product has entered the mass production stage. At the SID 2024, the newly developed Curved 45-inch 9K ultra-large Oxide cockpit screen was displayed. At the same time, several Oxide display products are under development.

### ADS-PRO

ADS, is the abbreviation of Advanced Super Dimension Switch. This technology not only has the advantages of ripple free on touching and wide viewing angle, but also has the advantages of more accurate gamma and smaller color deviation in large viewing angle.

On the basis of ADS technology, ADS-Pro further superimposes high-end technologies such as Mini Light-Emitting Diode ("Mini LED"), BOE Dual Cell ("BD Cell"), high refresh rate, high resolution and high color gamut, so that the screen display effect is closer to the real picture seen by the human eye.

Recently, we have several BD Cell and Mini LED display screen projects awarded in well-known car manufacturers, which shows customers' recognition of us.

### f-OLED

f-OLED represents the high-end flexible Organic Light-Emitting Diode ("OLED") technology solution, which has the industry leading advantages of gorgeous colors, varied forms and high integration, and brings users an immersive experience anytime and anywhere.

A number of automotive f-OLED projects have entered the mass production stage.

Besides, we are developing Tandem OLED (Double Layer OLED), a new type of OLED formed by electrically connecting multiple organic light emitting (EL) units in series inside the device through a special internal connection layer, which can have the characteristics of high efficiency and long life at the same time.

### CURVED DISPLAY

For curved display solutions, we overcome different challenges, such as automotive reliability, mechanical durability, cross-color and black level, etc. Dual 12.3 inches Curved (R3000) Cockpit Display Module is already in mass production.

### 3D DISPLAY

Regarding the 3D display, with the continuous development of autonomous driving, the communication between the driver and the car requires a new Human Machine Interface ("HMI"). 3D space image and HMI input will be the focus of future development. Currently, the Group has completed the development of naked-eye 3D display for ~5K ultra-high-definition display and embedded it into the driving monitoring system to provide visually attractive 3D display instruments and a realistic and immersive Driver Monitoring System ("DMS") feedback interface. Use Nomi/Siri and other virtual digital assistance, combined with gesture touch interaction, to interact with Nomi virtual digital assistance will realize humanized communication and dialogue scenarios. Realize inspiring three-dimensional interactive display scenes.



ZEEKR 001



Geely Galaxy E8



XPENG X9



## CHAIRMAN'S STATEMENT

Currently, the operation verification based on the computing power of the vehicle-specific chip is being carried out to ensure the operational stability of the vehicle-machine system.

The next step is to actively research switchable 2D & 3D technology, which allows users to freely switch between 2D & 3D modes, while providing instant conversion of 2D & 3D to provide users with more application scenarios.

### LIGHT FIELD SCREEN TECHNOLOGY

Light Field Screen Technology use light field technology to increase the viewing distance through multiple refraction and reflection of light. It can realize large-screen long-distance imaging display in the limited space in the car. It not only provides a wider field of view for rear seat passengers, but also effectively reduces visual fatigue and dizziness caused by watching the screen are eliminated. At the same time, due to the large-screen display, the mobile cinema experience in the car is truly realized, which greatly enriches the entertainment scenes in the cockpit.

We are actively developing this new in-vehicle display.

### DIRECTIONAL SOUND TECHNOLOGY

Directional Sound Technology is an innovative technology that integrates directional sound devices and display screens. This technology uses a parametric array algorithm control unit to emit highly directional, low-distortion sound and achieve dynamic control of the sound direction and angle. After integrating this technology with the display, it can be integrated with different types of screens such as OLED and LCD, and can be used in flat display and curved display scenarios; it provides private listening like a virtual headset and achieves the integration of audio and video in audio-visual scenes. In the automotive field, business environments and entertainment scenes, it not only ensures the privacy of calls, but also effectively reduces noise interference, creating an independent and exclusive sound field for the driver to ensure privacy.

We are actively developing this technology in smart cockpits.

### PRIVACY ON DEMAND TECHNOLOGY ("POD")

Due to safety issue and to prevent the distraction of driver from the content of passenger display, there is an increasing demand on the Privacy display from the Leading OEMs in Automotive market. At the same time, the Privacy requirement became more stringent to fit for the real application. In past year, BOEVx has been focusing on the development in this area. With the optimization of Panel configuration, we have the breakthrough in the performance in 2024. The Privacy performance has been improved in wide range of angle. This make the technology fit for various application like Central Information Display ("CID") and passenger display. We expect the development of this technology can be completed in Q4 2024 and will continue to promote this technology to market. This technology will be another growing point in the automotive business.

### SMART COCKPIT DISPLAY SYSTEM

In the development of smart cockpit display system, the Group is not only enhancing its capabilities in the existing technology product lines but also exploring more solutions.

In Augmented Reality Heads Up Displays ("AR-HUD") system, a new generation TFT solution using our self-developed 3.6 inches Liquid Crystal Display Projected Graphic Units ("3.6 inches LCD PGU") solution to achieve super-large perceived image design has been completed, which enables us to upgrade the performance across the whole series. We have also completed the development of Liquid Crystal on Silicon ("LCoS") based optical core in AR-HUD products and have applied for 34 technology patents that generated from the development. At the same time, we will lay out other forms of AR-HUD, such as P-HUD products. The Group can now provide customers with super-large image AR-HUD products based on the three mainstream technology solutions of TFT, Digital Light Processing ("DLP") and LCoS.



Xiaomi SU7 equipped with flip-up instrument



NIO ET7

For Camera Monitoring System (“CMS”), the Group has completed the development of the first product that passed the authoritative test based on the new China national standard GB15084 for class III under the regulation for indirect vision device in vehicle in the PRC and has obtained 3C certification, which realize our market value and actively explore and deploy from passenger cars to commercial vehicles. We also actively develop the layout from Class III mirrors for passenger cars to Class II, IV, V and VI mirrors for commercial vehicles, and successfully completed preparations for pre-research and mass production project development.

In National Standard, the first domestic group standard for smart cockpit displays has been approved by the authoritative project. The standard stipulates in detail the technical requirements for smart cockpit displays, from optical performance, electrical performance, safety performance and environmental adaptability. It also provides corresponding test methods. This move is to promote the use of smart cockpit displays. A strong guarantee for technological upgrading and standardization and unification in terms of quality, performance and safety. The formulation of the standard “Technical Specifications for Smart Cockpit Displays” will set a clear technical benchmark for the entire industry.

In terms of technology development, we have developed the BVP (BOE Vision Plus) image quality enhancement technology integrated into the display assembly, using a dedicated image quality chip to improve the screen-side image quality, so that the image has better clarity, dark details and layering. This can be achieved using ordinary normal backlight.

The self-developed rotating structure assembly will be suitable for ceiling screen projects and back seat screen projects, and is planned to be installed in domestic mass production projects this year.

## IMPORTANT EVENT AFTER THE PERIOD ENDED 30 JUNE 2024

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this report.

## ACKNOWLEDGEMENT

During the period under review, the Group has achieved growth in revenue through successful implementation of our strategy. Our customer base has broadened and solidified thanks to the trust of our business partners. The Group will continue to grasp the upcoming trend of the automotive industry and to pursuit our strategy to become a leading integrated automotive smart cockpit display system solution provider. Our success and continuing growth were contributed by our management, employees, shareholders, investors and business partners, on behalf of the Board, I would like to express my sincere gratitude for their continuous support.

**Gao Wenbao**

Chairman

Hong Kong, 22 August 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE

The revenue of BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") for the period ended 30 June 2024 increased by approximately 18% to HK\$6,157 million as compared with the same period of 2023. The Group's revenue growth was primarily driven by increased sales across our Thin Film Transistor ("TFT") products, touch panel display modules, and automotive system products as mainly contributed by notable growth of New Energy Vehicle ("NEV") and fulfilled by our increased production capacity.

## PROFIT FROM OPERATIONS

The profit from operations for the period ended 30 June 2024 was HK\$194 million, a decrease of HK\$47 million or approximately 20% as compared with the same period of 2023. The overall operating profit margin was hit by the impact of price adjustments, cost of inventories, as well as increased staff costs, depreciation of property, plant and equipment incurred for the manufacturing facilities in Chengdu, China (the "Chengdu Plant") for the full effect of operation in 2024 as compared to the initial ramp-up phase in first half of 2023. In addition, the increase in freight charges due to geo-political conflicts, the increase in sales, marketing and commission expenses for our increased effort for the overseas market exploration, the increase in insurance and quality assurance expenses for the protection of recoverability as well as the increase in subcontracting fees due to urgent orders also impacted our profitability. We are committed to work to reduce our production and operating costs to improve profitability.

During the period under review, the Group spent HK\$138 million on research and development ("R&D") activities, which represented approximately 2% of the Group's revenue. The proportion of R&D expenses to revenue remains stable.

## NET PROFIT AND DIVIDENDS

The profit attributable to shareholders for the period ended 30 June 2024 was HK\$172.1 million, as compared with a profit attributable to shareholders of HK\$202.5 million in the same period of 2023. The decrease was mainly due to the same factors as the decrease of profit from operations.

Basic earnings per share for the period ended 30 June 2024 were 21.9 HK cents as compared with basic earnings per share of 25.8 HK cents in the same period of 2023. During the period, the Group did not declare an interim dividend.

The Board has approved and adopted a dividend policy on 1 January 2019 (the "Dividend Policy"). Under the Dividend Policy, subject to compliance with applicable laws, rules and regulations and the bye-laws of the Company, the Company intends to maintain a stable dividend policy in future with a dividend payout ratio of not less than 30%. However, the determination to pay dividends in the future will be made at the discretion of the Board of directors (the "Board") and will be based on the profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant. The payment of dividends may be limited by legal restrictions and agreements that the Company may enter into in the future.

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

## STRUCTURE OF ASSETS

As at 30 June 2024, the total assets of the Group amounted to HK\$10,808 million (31 December 2023: HK\$10,034 million), such increase was mainly due to completion of the Chengdu Plant and increase in other financial assets in order to earn riskless interest income. At the period end, inventories decreased by approximately 7% to HK\$1,803 million (31 December 2023: HK\$1,947 million), primarily due to the increase in sales orders and effective inventory management measures implemented by our management. While other financial assets amounted to HK\$448 million (31 December 2023: HK\$57 million).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the total equity of the Group was HK\$4,417 million (31 December 2023: HK\$4,410 million). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.49 as at 30 June 2024 (31 December 2023: 1.61).



## MANAGEMENT DISCUSSION AND ANALYSIS

At the period end, the Group held a liquid portfolio of HK\$3,944 million (31 December 2023: HK\$3,572 million) of which HK\$3,496 million (31 December 2023: HK\$3,501 million) was in cash and fixed deposits balance, HK\$406 million (31 December 2023: HK\$15 million) was in other financial assets, HK\$42 million (31 December 2023: HK\$56 million) was in restricted bank deposits. The increase in our overall liquid portfolio was attributed to our rigorous efforts in optimizing fund and working capital management. Additionally, the growth in other financial assets reflected our proactive initiatives to generate risk-free interest income. At the period end, the Group had the bank borrowings balance of HK\$607 million (31 December 2023: HK\$620 million). The carrying amounts of bank borrowings are denominated in Renminbi. Among the bank loan of HK\$607 million, HK\$432 million (31 December 2023: HK\$383 million) is long-term borrowing mainly to facilitate our capital expenditure. The Group's gearing ratio (bank borrowings over net assets) was approximately 13.7% as at 30 June 2024 (31 December 2023: 14.1%). The decrease in gearing ratio was due to our effort to minimize the operational risk.

The Group's inventory turnover ratio (annualised cost of inventories over average inventories balance) for the six months ended 30 June 2024 was 6 times (31 December 2023: 5 times), the inventory turnover ratio improved as a favorable outcome of our focused efforts to enhance inventory management practices. Debtor turnover days (trade receivables over annualised revenue times 365) for the six months ended 30 June 2024 was 74 days (31 December 2023: 75 days), and remains in a stable level.

### CASH FLOWS

In the period under review, the Group's cash generated from operations amounted to HK\$795 million (2023: cash used in operations amounted to HK\$380 million). The decrease in inventories and increase in trade and other payables increased cash flow by HK\$133 million and HK\$627 million respectively. The increase in trade and other receivables, deposits and prepayments and other contract costs decreased cash flow by HK\$213 million.

Net cash used in investing activities amounted to HK\$1,177 million (2023: HK\$143 million). There were payments for the purchase of property, plant and equipment of HK\$436 million (2023: HK\$373 million).

### CAPITAL STRUCTURE

The Group's long-term capital comprises shareholders' equity and debt, which includes the bank borrowings. There was no change as to the capital structure of the Group during the period. The bank borrowings decreased to HK\$607 million as at 30 June 2024 (31 December 2023: HK\$620 million). The bank borrowings of the Group are denominated in Renminbi.

As at 30 June 2024, the cash and cash equivalents of the Group was HK\$3,074 million (31 December 2023: HK\$3,501 million).

The cash and cash equivalents are denominated in:

	As at 30 June 2024 HK\$ million	As at 31 December 2023 HK\$ million
— RMB	1,591	2,168
— USD	1,325	1,198
— HK\$	87	16
— Other currencies	71	119
	<b>3,074</b>	3,501

### FOREIGN CURRENCY AND INTEREST RATE EXPOSURE

The Group is exposed to foreign currency risk primarily through sales and purchases 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 States dollars, Euros, Japanese Yen and Renminbi.

The Group primarily hedge its foreign currency exposure by its operation and is not engaged in the use of any financial instruments for hedging purposes. Management of the Group monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

As of 30 June 2024, the bank borrowings of the Group are with fixed and floating interest rate, where the balances are HK\$6 million and HK\$601 million respectively (as of 31 December 2023: HK\$443 million and HK\$177 million respectively). The Group will monitor interest rate movements and consider appropriate measures when arranging bank borrowings with floating rates.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL GUARANTEES AND CHARGE ON ASSETS

At 30 June 2024, the bank loan amount of HK\$202,677,000 (31 December 2023: HK\$171,044,000) is secured by certain land, buildings, machinery and equipment of a subsidiary of the Group to match its long-term development. Such underlying pledged agreement of the loan agreement will be effective when registration of those land and building with relevant authorities is completed and management expected that will be soon.

Save as disclosed as above, the Group had no other financial guarantees and charge on assets as at 30 June 2024 (31 December 2023: Nil).

### COMMITMENTS

The capital commitments outstanding at 30 June 2024 not provided in the Group's financial statements were approximately HK\$161 million (31 December 2023: HK\$346 million), mainly representing the acquisition cost of plant, machinery, tools and equipment not provided for in the financial statements. The above will be financed by internal resources of the Group and/or external financing.

### OTHER INVESTMENTS

As at 30 June 2024, the Group owned a diversified investment portfolio, such as investments in an associate and equity investments in the automotive industry. For details, please refer to consolidated statement of financial position and its notes.

Apart from the above, there are no other material investment. The results of the above investments have been properly reflected in the unaudited financial statements for the period ended 30 June 2024.

### CONTINGENT LIABILITIES

As at 30 June 2024, the Company had no material contingent liabilities (31 December 2023: Nil).

### STAFF

As at 30 June 2024, the Group employed 7,234 staff around the world, of whom 122 were in Hong Kong, 7,055 were in the PRC and 57 were in overseas. The Group remunerates its employees (including directors) based on their performance, experience and prevailing industry practice. The Group operates a share award plan and provides rent-free quarters to certain of its employees in Hong Kong and the PRC and other fringe benefit to employees.

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 overall employees to improve and excel.

The Group always keeps pace with the times and strive to improve human resources efficiency and corporate governance capabilities, arrange sufficient human resources, provide different training and development programmes to attract, motivate and retain talented staff.

### STAFF RETIREMENT SCHEMES

In Hong Kong, the Group principally participates in the Mandatory Provident Fund ("MPF") Scheme operated by independent trustees. Contribution at a fixed rate of 5% of the employee's relevant income (the "Relevant Income"), subject to a cap of monthly Relevant Income of HK\$30,000 per employee, are made to the scheme and are vested immediately.

In addition, the Group also operates a Top-Up ORSO scheme, approved by the Inland Revenue Department under Section 87A of the Inland Revenue Ordinance, and both the employer and the employee are required to contribute 5% of the excess of the Relevant Income to the scheme. It is only eligible for employees who joined the Group on or before 30 June 2009.

With effect from 1 December 2019, the Top-Up ORSO scheme is ceased and instead, the Top-Up contributions is made to the MPF scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal government. The subsidiaries are required to contribute certain percentage of the payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

During the period, the total retirement scheme cost charged to the Consolidated Statement of Profit or Loss for the period ended 30 June 2024 was HK\$35 million (30 June 2023: HK\$26 million). Charges to administer the scheme are deducted from the employer's contributions. Forfeited contributions are used by the employer to offset against future contributions. The utilised amount during the period ended 30 June 2024 was HK\$Nil (30 June 2023: HK\$Nil) and at 30 June 2024, the balance available to reduce the level of contributions in future amounted to HK\$Nil (30 June 2023: HK\$Nil).

The Group has also implemented retirement schemes for all employees of overseas offices in accordance with relevant national laws, regulations and local policies.



# REVIEW OF OPERATIONS



Since our establishment in 1978, the Group has continuously evolved and adapted to the changing landscape of display technology to meet the dynamic demands of the industry. As a leading global supplier of intelligent display automotive displays and solutions, we maintain a balanced business presence around the world.





# REVIEW OF OPERATIONS

## REVENUE BY DELIVERY LOCATION

### THE PRC

During the period under review, based on the delivery location, the PRC generated revenue of HK\$4,666 million, representing an increase of approximately 26% as compared with that in 2023. Approximately 76% of the Group's total revenue was delivered to this region. Revenue from automotive display business remained a major part and the rest was mainly derived from industrial sector.

The competitive landscape within the NEV industry keeps intensifying. The PRC government has implemented supportive policies such as trade-in incentives for old vehicles, initiatives to bring NEV to rural areas, and tax concessions. Concurrently, leading NEV manufacturers have launched new models and adjusted pricing, driving a considerable increase in NEV sales across the PRC market. As a result of the above, our sales of TFT-related display products during the period under review increased considerably.

Our system business has achieved a significant increase in revenue compared to the same period last year due to our active marketing and R&D effort.

The automotive market is undergoing rapid consolidation and lead to intensifying competition, with prominent players initiating a new round of price wars to conquer market share from less competitive players. Through such price competition, the industry-leading players are likely to achieve higher sales volumes, putting pressure on smaller and medium-sized automakers and their suppliers. Despite these market dynamics, we remain steadfastly committed to supporting the leading automotive manufacturers, and have established robust strategic partnerships with the majority of these industry-leading players. Meanwhile, we will drive our cost down to meet the need.

### EUROPE

During the period under review, revenue of HK\$667 million was recorded, which represented a decrease of approximately 13% as compared with 2023. The European region contributed approximately 11% of the total revenue for the Group in the period under review.

The decrease was hindered by geopolitical conflict, inflation, energy crisis, downturn of global economy, and increase of interest rate.

Under the changing market environment, our dedicated team in Europe has bolstered our communication and collaboration with major automotive manufacturers. Our sales team in Europe has been working diligently to capture the business opportunities emerged from new demand, such as cyber security, privacy, safety and sustainability, and putting effort to maintain strong relationship with our customers. We have obtained the projects from leading European automotive manufacturers in previous years, with the upcoming mass production of projects in following years.

### AMERICA

During the period under review, revenue of HK\$440 million was recorded, contributing approximately 7% to the total revenue of the Group. The revenue has increased by approximately 25% as compared with that of last year.

Despite the macroeconomic headwinds of high inflation, rising interest rates, and energy crises, we have still achieved positive revenue growth, thanks to our strategic investments in research and development as well as enhanced customer service capabilities over the past few years. The projects we have successfully won and brought into mass production during the period under review have also contributed significantly to driving our revenue growth. The opening of our new office in USA has strengthened our ability to provide immediate customer support and feedback which strengthen our relationship with leading automotive manufacturers.

We have successfully extended our product applications to agricultural vehicles, garnering positive results from mass production. We will continue to explore new vehicle segments for our product applications for future growth.

### KOREA

During the period under review, revenue of HK\$153 million was recorded, representing a decrease of approximately 10% from that of last year. Revenue from Korea accounted for approximately 2% of the Group's revenue.

The decrease in revenue during the period under review was mainly due to customers reducing their marketing efforts in the Korean market.

### JAPAN

During the period under review, revenue of HK\$40 million was recorded, representing an increase of approximately 13% from that of last year. Japan accounted for approximately 1% of the Group's revenue in terms of delivery location.

The significant growth was attributable to the successful mass production of projects that we secured over the past few years, our efforts in advanced product technology development and superior customer service brought from our new office in Japan.

The Group also endeavours to promote our new oxide display modules and system solutions to our current and potential customers and believe the potential growth.

### REVENUE BY LOCATION OF SOURCING DECISION OF CUSTOMERS

The Group has put utmost effort to catch up the global market and has been successful in obtaining contracts from international customers. To provide a comprehensive understanding of the Group's revenue structure, on top of revenue by delivery location, the Group also demonstrates our revenue by location of sourcing decision of customers.

The Group manages its customers by the geographical locations of their sourcing decision centre. The sourcing decision centre of our multi-national customers will make important decisions including suppliers' selection for their new projects. The Group will allocate resources in accordance with the place of customers' sourcing decision centre and set up the related sales teams to develop marketing strategies and, negotiate and conclude new projects with the sourcing decision centre of our multi-national customers.

## REVIEW OF OPERATIONS

Based on the Group's unaudited information, our revenue by location of sourcing decision of customers is distributed as below:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	HK\$'000	%	HK\$'000	%
The PRC	<b>3,580,580</b>	<b>58%</b>	3,039,121	58%
Europe	<b>1,212,887</b>	<b>20%</b>	1,253,587	24%
Japan	<b>622,591</b>	<b>10%</b>	244,257	5%
America	<b>391,682</b>	<b>6%</b>	273,625	5%
Korea	<b>198,655</b>	<b>3%</b>	158,275	3%
Others	<b>150,924</b>	<b>3%</b>	241,352	5%
	<b>2,576,739</b>	<b>42%</b>	2,171,096	42%
Revenue	<b>6,157,319</b>	<b>100%</b>	5,210,217	100%

During the period under review, the Group's business exhibited a balanced overseas and local customer portfolio, demonstrating a diversified revenue source despite our new display system business are mainly with customers that carry sourcing decision domestically. With the advent of emerging opportunities from overseas, we believe that the customer mix for these new products will be more balanced in future.



# SUSTAINABILITY

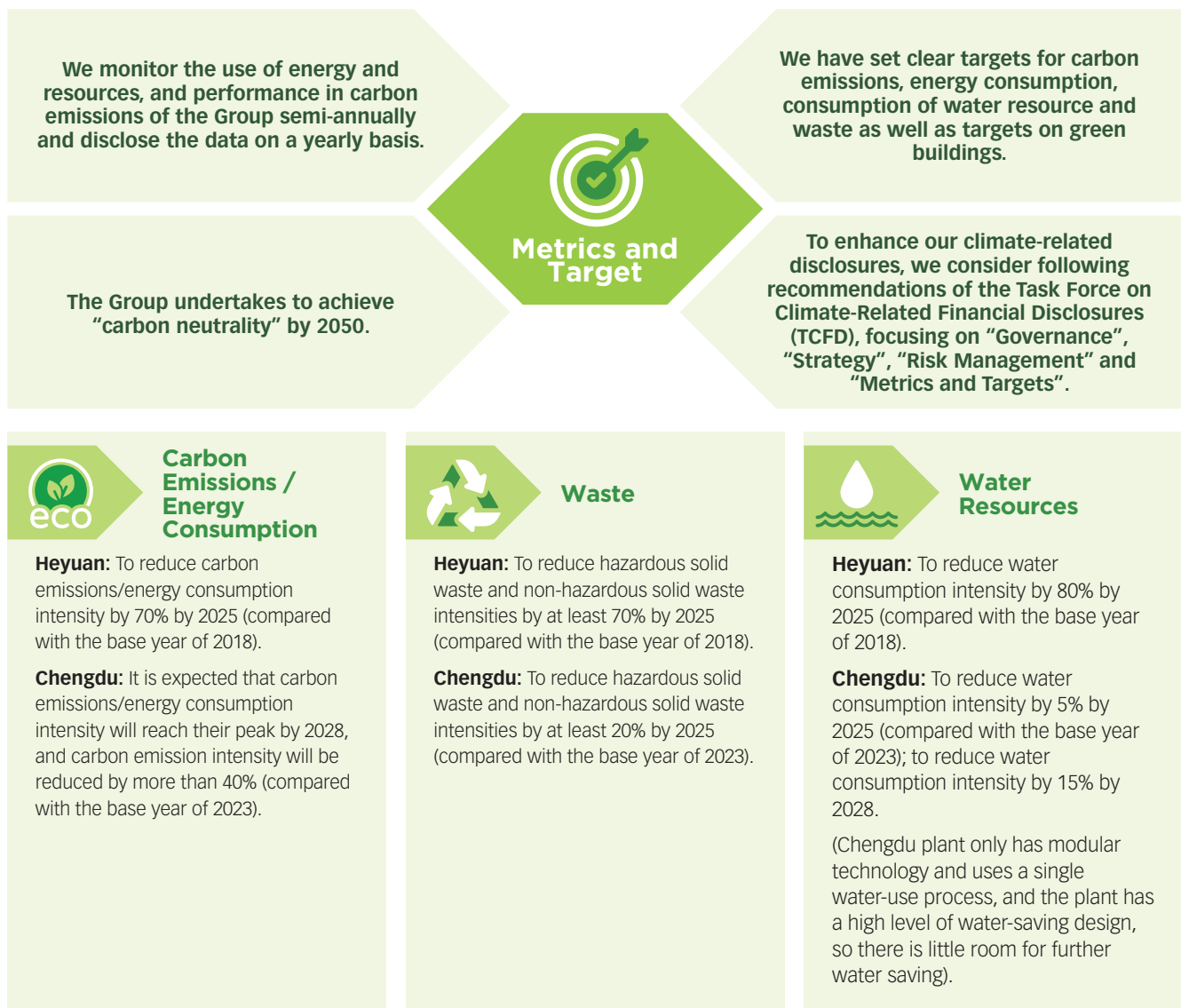
The Group began incorporating its Environmental, Social and Governance (ESG) Report into its Annual Report from 2014. The ESG Report has been compiled with the Environmental, Social and Governance Reporting Guide (the "Guide") requirements as set out in Appendix C2 of the Rules Governing ("the Listing Rules") the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The covered scopes and contents are in compliance with the disclosure obligations under the "Comply or Explain" provisions in the Guide. The ESG Report covers operations in the PRC (including Heyuan and Chengdu) and Hong Kong, which together represent the core operations of the Group.



# SUSTAINABILITY

BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") are highly committed to promoting sustainable development and actively engages in stakeholders' green initiatives. We place great importance on the concerns of stakeholders regarding sustainability, deeply valuing the environments in which they operate and their overall development. Embracing the concept of "growing together," we are dedicated to enhancing our products to promote greenization and protect the environment in collaboration with our stakeholders. As part of this commitment, we are actively working towards using more environmentally friendly packaging materials, aligning our practices with stakeholders' expectations.

Our latest ESG Report was published with our 2023 annual report on 24 April 2024, highlighting the Group's progress in corporate governance, climate change and carbon neutrality, and social responsibility. For further information on the Group's ESG efforts, the 2023 annual report is available on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.boevx.com](http://www.boevx.com) respectively.





SUSTAINABILITY

Areas	Actions Taken
<b>Governance:</b> Governance measures to address climate-related risks and opportunities	Board's Oversight and Management's Role <ul style="list-style-type: none"> <li>▶ the Board plays a central role in climate governance. The ESG risk management provides support and oversees the climate-related issues and report the Board regularly.</li> <li>▶ to formulate a climate change policy, guide our management approach to climate-related issues, and provide support and coordination for ESG issues.</li> </ul>
<b>Strategy:</b> Impacts of climate-related risks and opportunities on the Group's businesses, strategies, and financial planning	Climate-related Risks and Opportunities <ul style="list-style-type: none"> <li>▶ the risks of extreme weather and earthquake caused by climate change as these can damage our plants and facilities. In the long term, prolonged extremely hot weather also poses health risks to workers.</li> <li>▶ transitional risks, such as changing policies, potential increment in energy costs, and the need for green materials.</li> <li>▶ an opportunity in the transition to a low-carbon economy, such as reduction in operating costs due to higher energy usage efficiency facilitated by technology advancement.</li> </ul>
<b>Risk Management:</b> The process of identifying, assessing and managing relevant climate-related risks	Climate Risk Assessment <ul style="list-style-type: none"> <li>▶ to assess the physical and transitional risks climate change may bring to the operation, and incorporate them into the sustainability strategy. Risk management and internal control system should consider ESG and climate-related issues.</li> </ul>

EMISSIONS

For the better implementation of the energy conservation and emission reduction work, the Group regularly conducts energy conservation assessment on the major energy-consuming equipment, continuously explores its own potential for energy conservation and emission reduction, and constantly improves the efficiency of energy resource utilization while reducing energy consumption. At the same time, the Group actively participates in the promotion of green carbon reduction projects and further supporting the Group's efforts to achieve carbon peak and carbon neutrality.

ENERGY CONSUMPTION

The Group considers the renewable energy use plan of the construction of distributed photovoltaic power generation and container-type electrochemical energy storage power stations (peak shaving and valley filling + new energy consumption) on the roof of Heyuan plant, with a building area of 5,150 m<sup>2</sup> and a land area of 5,150 m<sup>2</sup>. From January to June 2024, the total power generation was 257,950.5 kWh, resulting in a reduction of 147.1 tCO<sub>2</sub> emissions, and the discharge capacity of the energy storage power stations was 1,332,300 kWh. This effectively responds to the national policies of carbon neutrality and peak carbon emissions, while also providing the Group with clean and pollution-free green energy.



Chengdu plant has successfully declared as a green factory in Sichuan Province in July 2024. From January to June 2024, Chengdu plant used 3,000,000 kWh of green power (i.e. 3 million kilowatt-hours) and reduced CO<sub>2</sub> emissions by 1,670.4 tonnes (calculated based on 0.5568 tons of CO<sub>2</sub>/1,000 kWh).

## SUSTAINABILITY

### GREENHOUSE GAS

We entrust a professional which specializes in third-party certification business. It conducts verification of direct and indirect energy greenhouse gas emissions, emission reductions and/or removal increments in accordance with the requirements of ISO 14064-3:2019 and provides greenhouse gas reports and certifications. The quantification and report of greenhouse gas emissions and elimination compliance with ISO 14064-1:2018 requirements.

The implementation of the carbon peak and carbon neutrality initiative is of great significance to the Group, as it is an indispensable step towards transitioning to a more sustainable, green future.

### WORLD EARTH DAY — 22 APRIL 2024 AND WORLD ENVIRONMENT DAY — 5 JUNE 2024

World Earth Day is held on 22 April each year with the purpose of raising public awareness of environmental protection and mobilizing the public to participate in environmental protection movements. Through a green and low-carbon lifestyle, the overall environment of the earth can be improved. In 2024, the theme of the 55th World Earth Day is "Planet vs. Plastics".

The Group has undertaken measures and initiatives as part of its ongoing commitment to reducing carbon footprint and promoting green practices. For instance, organizing events relating to environmentally friendly initiatives, ensuring strict compliance with environmental requirements and emission standards, as well as incorporating daily practices like recycling and adopting paperless workflows.



In June 2024, Chengdu plant held an 2024 Environmental Protection Ideas Collection Event. The event encourages employees to contribute innovative ideas related to environmental sustainability to help the Group enhance its environmental practices, fostering a culture of environmental consciousness and responsibility.





## SUSTAINABILITY



## SUPPLY CHAIN MANAGEMENT

The Group takes a collaborative approach to supply chain sustainability management, as it views its suppliers as part of an interdependent ecosystem.

The Group bases on customer requirements and relevant guidelines to formulate a CSR (Social Responsibility) agreement, Supplier Social Responsibility Commitment Letter and RBA Supplier Self-Assessment Form which are signed by most of our suppliers. We require suppliers to establish a CSR management system with reference to internationally recognized CSR standards such as ISO 14001/ISO 45001/IPC 1401 and pass it on to lower-level suppliers. This supplier CSR audit tool applies to all suppliers and subcontractors that directly or indirectly provide products or services to the Company, including its sub-suppliers.

Key rules:

- ▶ Ensure supplier diversity and not over-reliance on a single supplier.
- ▶ Strengthen long-term cooperative relationships with major suppliers and improve the stability and contrast of the supply chain.
- ▶ Strengthen information connectivity and risk monitoring of the supply chain.
- ▶ Increase social responsibility requirements and audits for suppliers.



## SUSTAINABILITY

### PRODUCT RESPONSIBILITY

On 29 April 2024, the Group held its 2024 Annual Supplier Quality Conference in Chengdu, with the theme “Quality First, Shape Future”. As a leading integrated automotive smart cockpit display system solution provider, the Group has always attached great importance to quality control of its products and services. The purpose of this supplier quality conference is to further strengthen communication and cooperation with suppliers, jointly improve the overall quality level of the Group’s products and services, and provide customers with better quality products and services.



“Quality First, Win By Quality” has always been the philosophy upheld by the Group. We will continue to improve its quality process, strengthen quality data management and drive, comprehensively promote lean management, to ensure the excellent quality of its products and services.

### STANDARD APPROVAL FROM THE TELEMATICS INDUSTRY APPLICATION ALLIANCE (TIAA)

The “Intelligent Cockpit Integrated Display Technical Specification” jointly applied by BOE and the Company, has successfully obtained approval for establishment from TIAA, an authoritative organization in the domestic automotive information industry, making it the first group standard established in China for the field of intelligent cockpit integrated displays. This standard provides detailed technical requirements for integrated displays, regulating various dimensions such as optical performance, electrical performance, safety performance, and environmental adaptability, while also providing corresponding testing methods. This initiative aims to promote the technological advancement, standardization, and uniformity of intelligent cockpit integrated displays in terms of quality, performance, and safety.

#### 车载信息服务产业应用联盟

车联〔2024〕08号

#### 关于《智慧座舱 贯穿式显示器技术规范》团体标准正式立项的通知

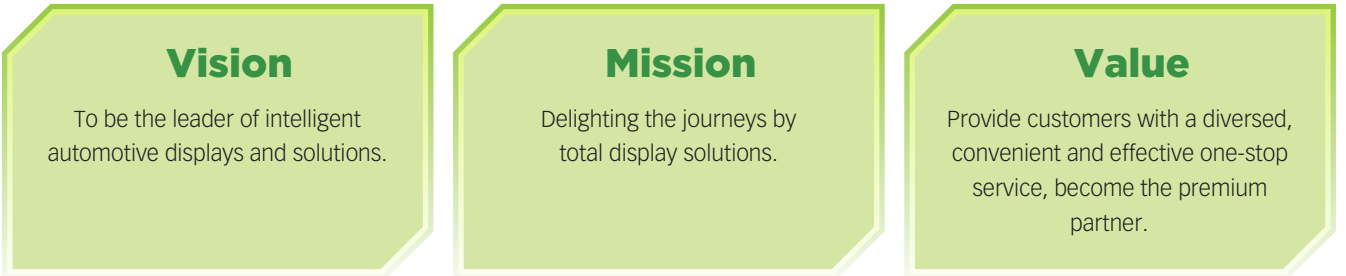
有关单位：

根据社会团体标准工作程序和市场需求，经我联盟标准化委员会审核，由我联盟成员京东方科技集团股份有限公司等单位发起提出的《智慧座舱 贯穿式显示器技术规范》（计划号：TIAA202401-A1）团体标准正式通过立项。

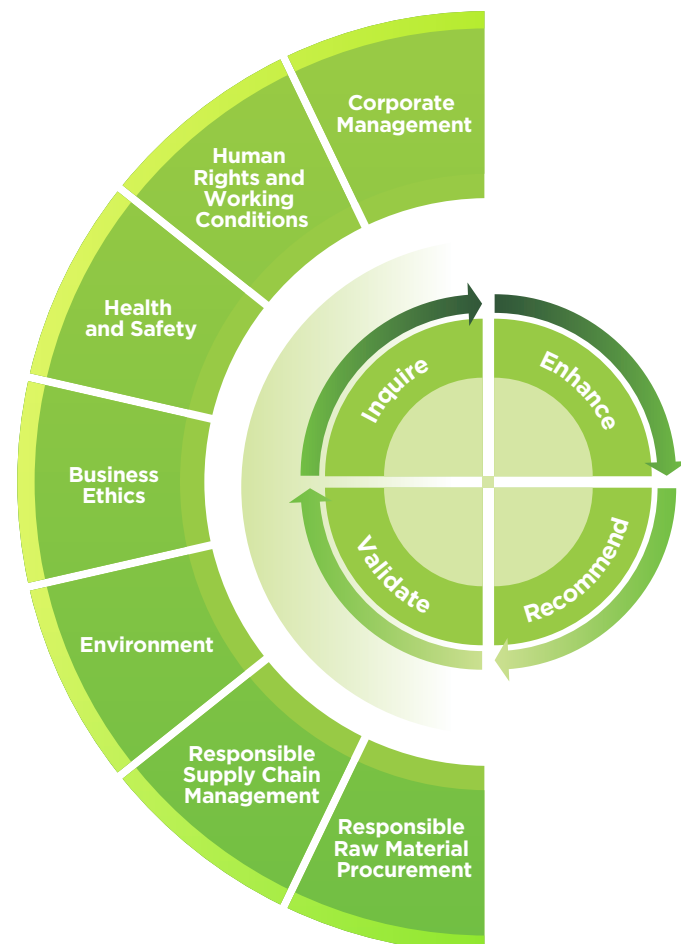
The standard will not only establish clear technical benchmarks for the entire industry leading it towards higher quality and standards but also highlights the technical strength and industry position of the Group.

**SUSTAINABILITY**

**BOEVx MANAGEMENT SYSTEM**



BOEVx Principles	Quality Policy
Quality First	The quality management system of the Group is based on the requirements of ISO 9001:2015 and IATF 16949:2016, which are applicable to automotive products and their related accessories.
One Stop Solution Provider	
Value-oriented Culture	The goal of the Group is to provide our customers with high-quality products and services that meet contractual requirements, with the highest economic efficiency. The daily operations of all our staff must be based on this objective.
Pragmaticism, Preciseness, Speed, Resoluteness	
Integrity, Standardization, Transparency, Responsibility	Our staff must continuously improve the quality of our products and services, in order to drive the Company to become an international leader.



**SUSTAINABILITY ASSESSMENT QUESTIONNAIRE**

SAQ (Sustainability Assessment Questionnaire) 5.0 sustainability assessment effectively promotes the compliance of global automotive supply chain verification and conducts professional assessments (topics covered include corporate management, human rights and working conditions, health and safety, business ethics, environment, responsible supply chain management and responsible raw material procurement), and proposed corresponding improvement measures to help companies complete corresponding improvements and support measures.

During our assessment of SAQ 5.0, we received favorable scores in each category, achieving a satisfactory rating that surpasses the average standards of our industry and country, thus earning recognition.

## OTHER INFORMATION

### INTERIM DIVIDEND

BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") have no change in its dividend policy.

The Board of directors (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### SHARE CAPITAL

As at 30 June 2024, the share capital of the Company is as follows:

Number of authorised shares	5,000,000,000
Number of issued share	791,575,204
Total authorised share capital	HK\$1,250,000,000
Par value	HK\$0.25

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and shorts positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

#### (A)(I) INTERESTS IN SHARES OF THE COMPANY AS AT 30 JUNE 2024

Name of Director	Capacity	Number of shares in the Company held	Approximate percentage of the total issued share capital of the Company (Note 1)
Ko Wing Yan, Samantha	Personal Interest	1,377,800	0.17%
Su Ning	Personal Interest	1,521,200	0.19%
Fung, Yuk Kan Peter	Personal Interest	233,000	0.03%
Chu, Howard Ho Hwa (Note 3)	Personal Interest	81,000	0.01%
Pang Chunlin	Personal Interest	12,000	0.00%

Notes:

- (1) Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2024.
- (2) The above interest represented long positions.
- (3) Mr. Chu, Howard Ho Hwa purchased 49,000 shares on 23 August 2024.
- (4) Events after the period under 30 June 2024: the remaining 30% of awarded shares of the Company were vested on 26 August 2024, which were granted on 15 June 2022. Please refer to (B) Interests in awarded shares of the Company of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures"



**(A)(II) INTERESTS IN SHARES OF BOE TECHNOLOGY GROUP CO., LTD. ("BOE") (AN ASSOCIATED CORPORATION) AS AT 30 JUNE 2024 (NOTE 1)**

Name of Director	Capacity	Number of A shares in BOE held	Approximate percentage of the total issued share capital of BOE (Note 6)
Gao Wenbao	Personal Interest	1,860,700 (Note 2)	0.0049%
Su Ning	Personal Interest	150,000	0.0004%
Shao Xibin	Personal Interest	552,040 (Note 3)	0.0015%
Jin Hao	Personal Interest	189,750 (Note 4)	0.0005%
Meng Chao	Personal Interest	537,500 (Note 5)	0.0014%

Notes:

- BOE holds 419,730,000 shares of the Company, representing 53.02% of the issued share capital of the Company. The shares of BOE are listed on the Shenzhen Stock Exchange with stock code 000725 for its A shares and stock code 200725 for its B shares.
- On 21 December 2020, BOE granted 1,500,000 shares to Mr. Gao under the 2020 share option and restricted share incentive scheme.
- On 21 December 2020, BOE granted 634,000 shares to Mr. Shao under the 2020 share option and restricted share incentive scheme. In April 2024, 135,560 shares were disposed.
- On 21 December 2020, BOE granted 575,000 shares to Mr. Jin under the 2020 share option and restricted share incentive scheme. In April 2024, 189,750 shares were disposed.
- On 21 December 2020, BOE granted 487,500 shares to Mr. Meng under the 2020 share option and restricted share incentive scheme.
- Calculated based on the BOE's total number of issued share capital of 37,649,981,416 shares as at 30 June 2024.
- The above interest represented long positions.

**(B) INTERESTS IN AWARDED SHARES OF THE COMPANY AS AT 30 JUNE 2024**

Name of Director	Date of grant	Number of awarded shares yet to be vested as at 1 January 2024	Number of awarded shares granted during the period	Number of awarded shares vested during the period	Number of awarded shares cancelled/lapsed during the period	Number of awarded shares yet to be vested as at 30 June 2024	Vesting date	Closing price of per awarded share at the dates of grant of awarded shares	Closing price of per awarded share immediately before the dates of grant of awarded shares (Note 5)	Weighted average closing price of the awarded shares immediately before the dates on which the awarded shares were vested
Ko Wing Yan, Samantha	15 June 2022 (Note 4)	45,000	–	–	–	45,000	(Note 1)	HK\$11.38	N/A	N/A
	22 March 2023	18,900	–	8,100	–	10,800	(Note 2)	HK\$14.82	N/A	HK\$4.82
Su Ning	22 March 2024	–	24,000	9,600	–	14,400	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46
	15 June 2022 (Note 4)	45,000	–	–	–	45,000	(Note 1)	HK\$11.38	N/A	N/A
Fung, Yuk Kan Peter	22 March 2023	21,700	–	9,300	–	12,400	(Note 2)	HK\$14.82	N/A	HK\$4.82
	22 March 2024	–	119,000	47,600	–	71,400	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46
Chu, Howard Ho Hwa	15 June 2022 (Note 4)	9,000	–	–	–	9,000	(Note 1)	HK\$11.38	N/A	N/A
	22 March 2024	–	30,000	12,000	–	18,000	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46
Pang Chunlin	15 June 2022 (Note 4)	9,000	–	–	–	9,000	(Note 1)	HK\$11.38	N/A	N/A
	22 March 2024	–	30,000	12,000	–	18,000	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46
	22 March 2024	–	30,000	12,000	–	18,000	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46

## OTHER INFORMATION

### Notes:

- (1) Vesting date:
- the first 40% of the awarded shares shall be vested on 26 August 2022;
  - the second 30% of the awarded shares shall be vested on 28 August 2023; and
  - the remaining 30% of the awarded shares shall be vested on 26 August 2024.
- (2) Vesting date:
- the first 30% of the awarded shares shall be vested on 12 April 2023;
  - the second 30% of the awarded shares shall be vested on 12 April 2024; and
  - the remaining 40% of the awarded shares shall be vested on 11 April 2025.
- (3) Vesting date:
- the first 40% of the awarded shares shall be vested on 2 May 2024;
  - the second 30% of the awarded shares shall be vested on 2 May 2025; and
  - the remaining 30% of the awarded shares shall be vested on 4 May 2026.
- (4) Subsequent to 30 June 2024, 108,000 awarded shares (representing 0.01% of the issued shares capital of the Company on the date of grant) are vested to Ms. Ko Wing Yan, Samantha, Mr. Su Ning, Mr. Fung, Yuk Kan Peter and Mr. Chu, Howard Ho Hwa on 26 August 2024. 45,000 awarded shares are vested to each of Ms. Ko and Mr. Su, and 9,000 awarded shares are vested to each of Mr. Fung and Mr. Chu.

- (5) During the period ended 30 June 2024, the closing price of per awarded share immediately before the date (22 March 2024) on which the awards were granted was HK\$5.38.
- (6) The purchase price of all awarded shares is nil.
- (7) The total number of awarded shares granted to the 5 highest paid individuals during the period was 259,000.
- (8) The above interests represented long positions.

Saved as disclosed above, as at 30 June 2024, none of the Directors, chief executives or any of their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Saved as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their spouses or children under the age of 18 to acquire benefits by the means of the acquisition of the shares in or debentures of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, other than the interests disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", so far as is known to the Directors and chief executives of the Company, the following companies and person had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	Number of shares in the Company held	Number of underlying shares in the Company held	Total	Approximate percentage of the total issued share capital of the Company
				(Note 3)
BOE Technology Group Co., Ltd. ("BOE")	419,730,000 (Note 1)	–	419,730,000	53.02%
China Orient Asset Management (International) Holding Limited	78,952,000 (Note 2)	–	78,952,000	9.97%

## Notes:

- (1) BOE is a joint stock company established in the PRC and the issued shares of which are listed on the Shenzhen Stock Exchange with stock code 000725 for its A shares and stock code 200725 for its B shares.
- (2) China Orient Multi-Strategy Master Fund and China Orient Enhanced Income Fund, both wholly-owned by China Orient Asset Management (International) Holding Limited, held 45,892,000 shares and 33,060,000 shares of the Company respectively.
- (3) Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2024.
- (4) The above interests represented long positions.

Saved as disclosed above, as at 30 June 2024, there were no other companies nor persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

## SHARE AWARD PLAN

### PURPOSE

On 28 August 2020 (the "Adoption Date"), the Company adopted a share award plan. The terms of the share award plan are in accordance with the provisions of Chapter 17 of the Listing Rules. The purposes of the share award plan are to recognise and reward the contribution of the participants, to give incentives to the participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

### PARTICIPANT

Participant(s) refers to the Group's and invested entity's employees, directors and adviser, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

### TOTAL NUMBER OF SHARES AVAILABLE FOR GRANT (EXCLUDING TREASURY SHARES)

During the period ended 30 June 2024, 1,000,000 shares (representing 0.13%\* of the issued share capital of the Company) are purchased at a total consideration of approximately HK\$4,700,000 in March 2024. Total number of shares of the Company purchased is 13,373,000 (representing 1.69%\* of the issued share capital of the Company) under the share award plan.

On 22 March 2024, the Board has granted a total of 2,047,000 awarded shares (representing 0.26%\* of the issued share capital of the Company) to certain selected participants, comprising to 5 Directors and certain employees of the Group, pursuant to the share award plan.

The total number of awarded shares that was purchased and remain available for grant (excluding treasury shares) is 2,491,000 and 1,444,000 as of 1 January and 30 June 2024, representing 0.31%\* and 0.18%\* of the issued share capital of the Company respectively.

At the period ended 30 June 2024, after deducting the 2,047,000 awarded shares granted on 22 March 2024, the total number of awarded shares that can be granted was 1,444,000 (representing 0.18%\* of the issued share capital of the Company) based on the accumulated number of shares of the Company purchased in so far and was 61,588,520 (representing 7.78%\* of the issued share capital of the Company) based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

The Company does not issue any number of shares in respect of awards granted under the share award plan during the period. The number of shares that may be issued in respect of awards granted under the share award plan during the period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the period is nil.

\* Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2024.

## OTHER INFORMATION

### MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The maximum number of shares to be subscribed for and/or purchased for the share award plan shall not exceed 10.00% of the total number of issued shares of the Company (excluding treasury shares) as at the Adoption Date.

The maximum number of shares which may be subject to an award or awards to a selected participant shall not in aggregate exceed 1.00% of the total number of issued shares of the Company (excluding treasury shares) as at the Adoption Date.

### MINIMUM VESTING PERIOD

The Board may from time to time considered the performance target which must be achieved and minimum period for which the awarded share must be held before they are vested.

On 22 March 2024, a total of 2,047,000 awarded shares (representing 0.26%\* of the issued shares capital of the Company) to the selected participants pursuant to the share award plan. The vesting period and performance target are disclosed in the Company's announcement dated 24 March 2024. The number of the awarded shares granted is determined based on the selected participants' position, years of service, performance and future long-term contribution to the Group. Talent development and reserve are very important to the future development of the Company. In addition to providing competitive salaries, the Group also grants long-term incentives to (a) recognise and reward the contribution of the selected participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development and improve competitiveness of the Group. Through long-term incentives for the selected participants could align the interests of the selected participants with that of the shareholders of the Company effectively, which is expected to have a positive impact on the market value of the Group. As such, the Company's remuneration committee holds the view that the grant of the awarded shares, including the vesting periods are fair and reasonable and consistent with the purposes of the share award plan.

### PERFORMANCE TARGET

The vesting of the awarded shares is subject to the fulfilment of certain performance targets and other requirements as set out in the grant notice to be entered into between the Company and each selected participant. The performance targets shall include: financial targets (such as net profit after tax for the year of the Group and management/business targets (such as productivity, quality, research and development ability, client satisfaction etc.) which shall be determined based on the (i) individual performance; (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the selected participants. In case the vesting conditions are not satisfied in part or in full, the relevant portion of the award shares granted would lapse.

### CLAWBACK MECHANISM

- (i) The Board has an absolute discretion to determine any terms and conditions of the grant of the awarded shares and withdraw the awarded shares.
- (ii) The grant of the awarded shares shall become invalid immediately if the selected participant resigns or if his/her employment contract is terminated.
- (iii) The selected participant should keep the share award plan confidential. If the selected participant is found to disclose or discuss with others, the Company reserves the right to cancel the selected participant's eligibility for the share award plan.
- (iv) The selected participant shall comply with the compliance requirement as required by, including but not limited to, The Stock Exchange of Hong Kong Limited, Security and Future Commission, Company Ordinance, tax authorities and rules and regulation of the Company and/or its affiliates. The Company reserves the right to cancel the selected participant's eligibility for the share award plan or lock up the selected participant's vested shares if the selected participant has failed to comply with the above requirements. Any unvested award shares shall be lapsed and cancelled immediately.

### PAYMENT ON ACCEPTANCE OF THE AWARDED SHARES

Consideration of the awarded shares granted is nil. The participants are required to submit to the Company a duly signed offer letter.



## BASIS OF DETERMINING THE PURCHASE PRICE

The shares may be purchased on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), or off the market. In the event that any purchases, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange.

## AWARDED SHARE PERIOD AND REMAINING LIFE

The share award plan shall be valid and effective for a period of 10 years commencing from the Adoption Date and as at 30 June 2024, the Share Award Plan has a remaining life of up to 27 August 2030, but may be terminated earlier as determined by the Board.

Subject to the share award plan, the trust deed and the fulfilment of the vesting conditions as set out in the grant notice to each selected participant, the awarded shares held by the trustee shall vest in the respective selected participant, and the trustee shall cause the awarded shares to be transferred to such selected participant on the vesting date.

The trustee shall not exercise the voting rights in respect of the awarded shares held under trust constituted by the trust deed. The selected participants shall not have any right to receive any awarded shares set aside for them unless and until the trustee has transferred and vested the legal and beneficial ownership of such awarded shares to and in the selected participants.

Movements in the Company's awarded share during the period are as follows:

Date of grant	Number of awarded shares yet to be vested as at 1 January 2024	Number of awarded shares granted during the period	Number of awarded shares vested during the period	Number of awarded shares cancelled/lapsed during the period	Number of awarded shares yet to be vested as at 30 June 2024	Vesting date	Closing price of per awarded share at the dates of grant of awarded shares	Closing price of per awarded share immediately before the dates of grant of awarded shares (Note 8)	Weighted average closing price of the awarded shares immediately before the dates on which the awarded shares were vested
<b>Directors</b>									
15 June 2022	108,000	–	–	–	108,000 (Note 7)	(Note 1)	HK\$11.38	N/A	N/A
22 March 2023	40,600	–	17,400	–	23,200	(Note 2)	HK\$14.82	N/A	HK\$4.82
22 March 2024	–	233,000	93,200	–	139,800	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46
<b>Other</b>									
Hou Ziqiang (Note 5)									
15 June 2022	9,000	–	–	–	9,000 (Note 7)	(Note 1)	HK\$11.38	N/A	N/A
<b>Employees</b>									
15 June 2022	601,500	–	–	10,500 (Note 6)	591,000 (Note 7)	(Note 1)	HK\$11.38	N/A	N/A
21 December 2022	297,000	–	148,500	–	148,500	(Note 4)	HK\$13.86	N/A	HK\$4.74
22 March 2023	407,700	–	172,800	7,700 (Note 6)	227,200	(Note 2)	HK\$14.82	N/A	HK\$4.82
22 March 2024	–	1,814,000	718,000	19,000 (Note 6)	1,077,000	(Note 3)	HK\$5.18	HK\$5.38	HK\$5.46

## OTHER INFORMATION

### Notes:

- (1) Vesting date:
- the first 40% of the awarded shares shall be vested on 26 August 2022;
  - the second 30% of the awarded shares shall be vested on 28 August 2023; and
  - the remaining 30% of the awarded shares shall be vested on 26 August 2024.
- (2) Vesting date:
- the first 30% of the awarded shares shall be vested on 12 April 2023;
  - the second 30% of the awarded shares shall be vested on 12 April 2024; and
  - the remaining 40% of the awarded shares shall be vested on 11 April 2025.
- (3) Vesting date:
- the first 40% of the awarded shares shall be vested on 2 May 2024;
  - the second 30% of the awarded shares shall be vested on 2 May 2025; and
  - the remaining 30% of the awarded shares shall be vested on 4 May 2026.
- (4) Vesting date:
- the first 40% of the awarded shares shall be vested on 27 March 2023;
  - the second 30% of the awarded shares shall be vested on 27 March 2024; and
  - the remaining 30% of the awarded shares shall be vested on 27 March 2025.
- (5) Mr. Hou Ziqiang retired as a Director on 27 June 2023. The 9,000 awarded shares held by Mr. Hou were retained and shall be vested on 26 August 2024, and reclassified from the category "Directors" to "Other".
- (6) The awarded shares are lapsed.
- (7) Subsequent to 30 June 2024, 3,000 awarded shares are lapsed in July 2024 and 705,000 awarded shares are vested on 26 August 2024 (representing 0.09% of the issued share capital of the Company on the date of grant) of which 108,000 awarded shares (representing 0.01% of the issued share capital of the Company on the date of grant) are vested to the Directors (please refer to (B) Interests in awarded shares of the Company of "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" section of this report) and 597,000 awarded shares (representing 0.08% of the issued share capital of the Company on the date of grant) are vested to other and the employees of the Group.
- (8) During the period ended 30 June 2024, the closing price of per awarded share immediately before the date (22 March 2024) on which the awards were granted was HK\$5.38.
- (9) The purchase price of all awarded shares is nil.
- (10) The total number of awarded shares granted to the 5 highest paid individuals during the period was 259,000.
- (11) The above interests represented long positions.

As at 30 June 2024, the fair value of awarded share at the date of granted is as follows. No expected dividends were incorporated into the measurement of fair value. Information on the accounting policy for the grant of awarded shares is provided in the accounting policy for the grant of Note 2(r)(iv) on page 139 of the 2023 annual report of the Company.

Number of awarded shares	Date of grant	Market value per awarded share	Fair value of awarded shares
2,500,000	15 June 2022	HK\$11.38	HK\$28,450,000
500,000	21 December 2022	HK\$13.86	HK\$6,930,000
662,000	22 March 2023	HK\$14.82	HK\$9,810,840
2,047,000	22 March 2024	HK\$5.18	HK\$10,603,460
5,709,000			HK\$55,794,300

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES (INCLUDING SALE OF TREASURY SHARES)

During the period ended 30 June 2024, the trustee of the Company's share award plan (adopted on 28 August 2020) (the "Share Award Plan") purchased 1,000,000 shares of the Company (representing 0.13%\* of the issued share capital of the Company) on the Stock Exchange at a total consideration of approximately HK\$4,700,000. Total accumulated number of shares of the Company purchased were 13,373,000 (representing 1.69%\* of the issued share capital of the Company) under the Share Award Plan.

During the period ended 30 June 2024, a total of 2,047,000 awarded shares (representing 0.26%\* of the issued shares capital of the Company) were granted to certain selected participants, comprising of 5 Directors and certain employees of the Group on 22 March 2024, pursuant to the Share Award Plan.

At the period ended 30 June 2024, after deducting the 2,047,000 awarded shares granted on 22 March 2024, the total number of awarded shares that can be granted was 1,444,000 (representing 0.18%\* of the issued share capital of the Company) based on the accumulated number of shares of the Company purchased in so far and was 61,588,520 (representing 7.78%\* of the issued share

capital of the Company) based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

Other than the aforesaid, during the period ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

\* Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2024.

## UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Su Ning does not serve as the general manager of the Strategic Business Unit ("SBU") of the display device and the Internet of Things innovation business with effect from August 2024.

## CORPORATE GOVERNANCE

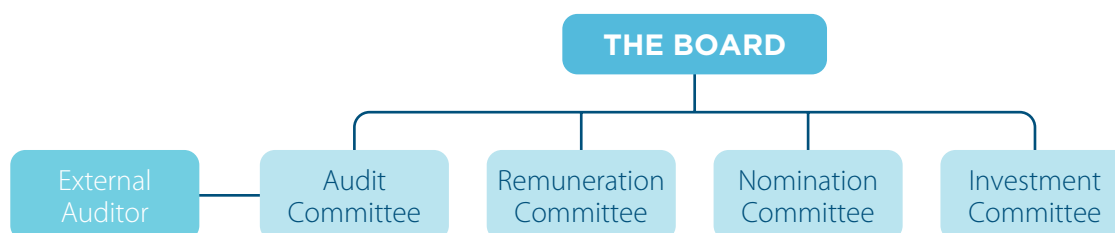
In the opinion of the Directors, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules throughout the period ended 30 June 2024.

All information on the CG Code has been disclosed in the corporate governance report contained in the 2023 annual report of the Company issued in April 2024.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on securities transactions by directors (the "Code of Conduct") on terms no less exacting than those required standards set out in the Model Code. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code and the Code of Conduct throughout the period ended 30 June 2024.

The Company has also adopted a code of conduct on securities transactions by employees (revised on 24 July 2024) on terms no less exacting than those required standards set out in the Model Code.



## OTHER INFORMATION

### AUDIT COMMITTEE

The Audit Committee of the Company (the "AC") comprises the following independent non-executive Directors: Mr. Fung, Yuk Kan Peter (Chairman of the AC), Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. 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, risk management and internal control systems. 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 with management the accounting principles, estimates and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters including the review of the interim results for the six months ended 30 June 2024 of the Company now reported on so as to ensure that an effective control and corporate governance environment is maintained.

The interim financial report for the six months ended 30 June 2024 has been reviewed by the Company's auditors, KPMG, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### 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 Mr. Fung, Yuk Kan Peter (Chairman of the RC), Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. There are more than half of the members are independent non-executive Directors.

### NOMINATION COMMITTEE

The Nomination Committee of the Company (the "NC") comprises Mr. Gao Wenbao (Chairman of the NC), Mr. Su Ning, Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. Among those members of the NC, more than half of the 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 Group'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 the Board and the Chief Executive Officer.

### INVESTMENT COMMITTEE

The Investment Committee of the Company (the "IC") is established to source, review and select appropriate investment projects to achieve the Group's advancement and transformation strategy. The IC comprises 9 members, including the Company's directors Mr. Gao Wenbao (Chairman of the IC), Ms. Ko Wing Yan, Samantha and Mr. Su Ning, and other management of the Company as at the date of this report.

The Board has approved and authorized the IC to make decisions on investment projects with the authorised limits and period.



## INVESTOR RELATIONS

The Company has adopted a shareholders' communication policy with the objective of ensuring that the shareholders of the Company and stakeholders will have equal and timely access to information about the Group. The Group adhere to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders.

The Company will make the Corporate Communications available on its website ([www.boevx.com](http://www.boevx.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

A notice of publication of the website version of Corporate Communications, in both English and Chinese, will be sent by the Company to the Shareholders by email or by post (if the Company does not possess the functional email address of the Shareholder) on the publication date of the Corporate Communications at the election of the Shareholder.

The Group aimed to have proactive and timely communications with investor regarding the market and industry development, impact and corresponding measures of the Group. Our goals are to deepen investors' understanding of the Group's strategies, and through the effective communication, we are able to raise the quality of our management and to maximize the Group's value.

The Group has reviewed the implementation and effectiveness of the shareholders' communication policy conducted during the period and believes that the current communication policy has been effective at maintaining clear and timely communication with its shareholders and stakeholders.

Various on-line and off-line communication formats and channels are adopted by the Group, such as announcement, shareholders' meeting, video or voice conferences, seller-side organized offline seminar and non-deal roadshow etc. to communicate with various stakeholders such as analysts, retail and institutional investors. These communication channels served to reinforce understanding and trust between the Group and the capital market. Meanwhile our management also gained better knowledge of the expectations and demands from the capital market on the Group. We will seriously consider and put into practice all constructive suggestions. In the first half of 2024, the Group participated in more than 47 investor relations' events, including but not limited to, post-results roadshows, self-organized investor day, investor conferences/corporate days, individual meetings and conference calls. Currently, there are 6 equity research analysts actively covering the Group.

An annual general meeting (the "AGM") is an important opportunity for communicating with shareholders. The Company's Chairman, Directors, senior management and the external auditors are available at the AGM to answer questions from shareholders of the Company. The chairmen of the audit committee, the remuneration committee, the nomination the committee and any other committees (as appropriate) of the Company are invited to attend. The chairman of the independent board committee and senior management (if applicable) is/are available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

# OTHER INFORMATION

## PUBLICITY EVENTS



### CONSUMER ELECTRONICS SHOW (CES) 2024

The Group showcased a range of cutting-edge automotive display products and intelligent cockpit solutions at the CES 2024. The Group successfully held a product launch event themed "Smart Display, Green Travel". With the "HERO" in-vehicle scene innovation initiative at its core, the Group utilized new technologies, new products, and new approaches to drive the development of intelligent cockpits and comprehensively empower the new trends in the intelligent cockpit industry.



## 2024 BEIJING INTERNATIONAL AUTOMOTIVE EXHIBITION

The 18th Beijing International Automotive Exhibition held in April 2024. The Group fully demonstrated its “Screen Internet of Things” strategy, which leverages innovative technologies to empower the transportation sector with rich functions, diverse forms, and countless scenarios, and continues to enhance the technology and experience of smart cockpits.



## 2024 SOCIETY FOR INFORMATION DISPLAY'S DISPLAY WEEK

SID 2024 was held in San Jose, United States from 14 to 16 May 2024, this exhibition is hosted by the Society for Information Display and is a professional event in the global display field. BOE showcased over 50 innovative technology products, including global premieres and industry-leading innovative technology products powered by the three major display technology brands of ADS Pro, f-OLED, and  $\alpha$ -MLED, highlighting the future trends in automotive display and leading smart cockpit display technology, and a new generation of cutting-edge technology applications such as naked-eye 3D, light field display, AIoT, VR/AR, etc. made a grand debut.





## OTHER INFORMATION

### INTERNATIONAL NEW ENERGY AND INTELLIGENT CONNECTED VEHICLE INNOVATION ECOLOGY CONGRESS (CIEV 2024)

The CIEV 2024 was held on 22 to 24 May 2024 in Ruian City, Zhejiang. The conference was organized by the China Society of Automotive Engineers and is an industry event that seizes opportunities, promotes collaborative innovation, consolidates and expands China's advantages in the development of NEV, and leads the innovation and development direction of the global automotive industry.



Mr. Su Ning, executive director of the Company, was elected as a committee member of Automobile Supply-Chain Innovation Branch of China SAE and delivered a keynote speech discussing the innovation and development of intelligent vehicle cockpits with industry partners in this new era. This demonstrates the Company's technological achievements and innovative applications in the field of smart cockpits, and is a recognition and acknowledgment of the Group's achievements and status in the field of vehicle-mounted displays.



### INNOVATION DISPLAY LABORATORY

On 28 June 2024, the Group and Chery joined hands to establish a Joint Innovation Display Laboratory. Both parties aim to deepen their strategic cooperation and collaborate on the research, development, and sharing of cutting-edge technologies and products to explore a brighter future for smart cockpits.

### TOP 100 AUTOMOTIVE SUPPLY CHAIN

On 22 August 2024, BOEVx has been ranked among the top 100 automotive supply chain companies in China in 2024, and we have been ranked first in the in-vehicle display industry, which demonstrates our leading position and strong competitiveness in the automotive display and smart cockpit field.





AWARDS



Hangsheng Group Special Contribution Award



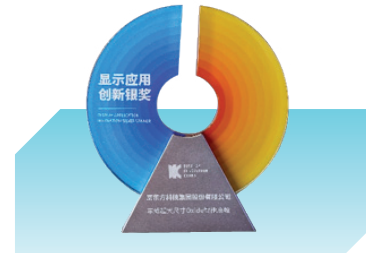
Chery Collaborative Innovation Special Contribution Award



Changan Automobile Innovative Partnership Award



The Oversized Oxide Smart Cockpit — DIC AWARD  
2024 International Display Technology Innovation Award



We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at [investor@boevx.com](mailto:investor@boevx.com). All questions or comments will be replied to the extent permitted by applicable laws, regulations and the Listing Rules.

## OTHER INFORMATION

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the directors, during the period ended 30 June 2024, the Company has maintained the prescribed public float under the Listing Rules.

### SIGNIFICANT SUBSEQUENT EVENTS AFTER 30 JUNE 2024 TO 11 SEPTEMBER 2024, BEING THE LATEST PRACTICABLE DATE OF THIS INTERIM REPORT

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this report.

### DIRECTORS

As at the date of this report, the Board comprises 9 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 and Mr. Pang Chunlin are independent non-executive Directors.

REVIEW  
REPORT**Independent review report to the board of directors of  
BOE Varitronix Limited**

*(Incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial report set out on pages 48 to 62 which comprises the consolidated statement of financial position of BOE Varitronix Limited as at 30 June 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**SCOPE OF REVIEW**

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

22 August 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024	2023
		\$'000	\$'000
<b>Revenue</b>	4	<b>6,157,319</b>	5,210,217
Other operating income	5	<b>94,770</b>	118,568
Change in inventories of finished goods and work in progress		<b>(234,154)</b>	258,845
Raw materials and consumables used		<b>(4,872,891)</b>	(4,650,060)
Staff costs		<b>(538,381)</b>	(403,099)
Depreciation		<b>(118,972)</b>	(85,721)
Other operating expenses	6(c)	<b>(294,040)</b>	(207,908)
<b>Profit from operations</b>		<b>193,651</b>	240,842
Finance costs	6(a)	<b>(8,540)</b>	(15,638)
Share of losses of an associate		–	(4,471)
<b>Profit before taxation</b>	6	<b>185,111</b>	220,733
Income tax	7	<b>(9,734)</b>	(18,690)
<b>Profit for the period</b>		<b>175,377</b>	202,043
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>172,100</b>	202,512
Non-controlling interests		<b>3,277</b>	(469)
		<b>175,377</b>	202,043
<b>Earnings per share for profit attributable to equity shareholders of the Company (in HK cents)</b>	8		
Basic		<b>21.9 cents</b>	25.8 cents
Diluted		<b>21.8 cents</b>	25.7 cents

The notes on pages 54 to 62 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(a).



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
<b>Profit for the period</b>	<b>175,377</b>	202,043
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
— Exchange translation adjustments: net movement in exchange reserve	(23,776)	(64,888)
<b>Total comprehensive income for the period</b>	<b>151,601</b>	137,155
<b>Attributable to:</b>		
Equity shareholders of the Company	148,324	137,624
Non-controlling interests	3,277	(469)
	<b>151,601</b>	137,155

The notes on pages 54 to 62 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

		At 30 June 2024 \$'000	At 31 December 2023 \$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	9	2,057,173	1,759,580
Intangible assets		27,391	25,061
Other financial assets	10	41,883	41,897
Non-current deposits and prepayments	12	70,861	101,264
Deferred tax assets		38,865	8,843
		<b>2,236,173</b>	1,936,645
<b>Current assets</b>			
Inventories	11	1,802,858	1,947,101
Trade and other receivables, deposits and prepayments and other contract costs	12	2,818,172	2,555,501
Amount due from an associate		1,970	12,220
Other financial assets	10	405,832	15,405
Current tax recoverable		5,684	10,354
Fixed deposits with banks with more than three months to maturity when placed	13	421,740	–
Restricted bank deposits	13	41,635	55,884
Cash and cash equivalents	13	3,074,364	3,500,760
		<b>8,572,255</b>	8,097,225
<b>Current liabilities</b>			
Trade and other payables	14	5,383,826	4,738,130
Lease liabilities		11,884	8,159
Current tax payable		8,816	13,925
Bank loans		174,488	236,439
Deferred income		24,421	26,138
Dividends payable	15	149,660	–
		<b>5,753,095</b>	5,022,791
<b>Net current assets</b>		<b>2,819,160</b>	3,074,434

		At 30 June 2024 \$'000	At 31 December 2023 \$'000
	Note		
<b>Total assets less current liabilities</b>			
		<b>5,055,333</b>	5,011,079
<b>Non-current liabilities</b>			
Lease liabilities		17,265	13,907
Deferred tax liabilities		2,853	3,468
Deferred income		186,191	200,496
Bank loans		432,202	383,497
		<b>638,511</b>	601,368
<b>NET ASSETS</b>		<b>4,416,822</b>	4,409,711
<b>CAPITAL AND RESERVES</b>			
Share capital	15	197,894	197,894
Reserves		4,159,535	4,155,701
Total equity attributable to equity shareholders of the Company		<b>4,357,429</b>	4,353,595
Non-controlling interests		59,393	56,116
<b>TOTAL EQUITY</b>		<b>4,416,822</b>	4,409,711

The notes on pages 54 to 62 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital \$'000	Share premium \$'000	Award Plan \$'000	Exchange reserve \$'000	Capital reserve \$'000	Other reserves \$'000	Contributed surplus \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2023</b>	197,853	2,101,464	(23,835)	(163,922)	12,038	27,921	610,907	1,302,272	4,064,698	51,075	4,115,773
<b>Changes in equity for 2023:</b>											
Profit for the period	-	-	-	-	-	-	-	202,512	202,512	(469)	202,043
Other comprehensive income	-	-	-	(64,888)	-	-	-	-	(64,888)	-	(64,888)
<b>Total comprehensive income</b>	-	-	-	(64,888)	-	-	-	202,512	137,624	(469)	137,155
Final dividend approved in respect of the previous year	-	-	-	-	-	-	(180,964)	-	(180,964)	-	(180,964)
Vesting of shares under the Share Award Plan	-	-	7,569	-	(11,781)	-	-	4,212	-	-	-
Equity settled share-based transactions	-	-	-	-	14,623	-	-	-	14,623	-	14,623
Issuance of shares upon exercise of share options	41	392	-	-	(103)	-	-	-	330	-	330
Release upon lapse of share options	-	-	-	-	(311)	-	-	311	-	-	-
<b>Balance at 30 June 2023</b>	197,894	2,101,856	(16,266)	(228,810)	14,466	27,921	429,943	1,509,307	4,036,311	50,606	4,086,917

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Share premium \$'000	Award Plan \$'000	Exchange reserve \$'000	Capital reserve \$'000	Other reserves \$'000	Contributed surplus \$'000	Retained profits \$'000	Total \$'000			
<b>Balance at 1 January 2024</b>	197,894	2,101,856	(13,763)	(190,036)	11,781	27,921	429,943	1,787,999	4,353,595	56,116	4,409,711	
<b>Changes in equity for 2024:</b>												
Profit for the period	-	-	-	-	-	-	-	172,100	172,100	3,277	175,377	
Other comprehensive income	-	-	-	(23,776)	-	-	-	-	(23,776)	-	(23,776)	
<b>Total comprehensive income</b>	-	-	-	(23,776)	-	-	-	172,100	148,324	3,277	151,601	
Final dividend approved in respect of the previous year	-	-	-	-	-	-	(149,660)	-	(149,660)	-	(149,660)	
Shares purchased by the trustee under Share Award Plan	-	-	(4,731)	-	-	-	-	-	(4,731)	-	(4,731)	
Vesting of shares under the Share Award Plan	-	-	4,218	-	(9,079)	-	-	4,861	-	-	-	
Equity settled share-based transactions	-	-	-	-	9,901	-	-	-	9,901	-	9,901	
<b>Balance at 30 June 2024</b>	197,894	2,101,856	(14,276)	(213,812)	12,603	27,921	280,283	1,964,960	4,357,429	59,393	4,416,822	

The notes on pages 54 to 62 form part of this interim financial report.



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 June			Six months ended 30 June	
	2024	2023		2024	2023
	\$'000	\$'000		\$'000	\$'000
<b>Operating activities</b>					
<b>Cash generated from/(used in) operations</b>	<b>835,773</b>	(334,679)			
<b>Tax paid</b>					
— Hong Kong Profits Tax paid	(9,608)	(3,568)			
— Chinese Mainland income taxes paid	(28,978)	(35,113)			
— Tax paid in respect of jurisdictions outside Hong Kong and Chinese Mainland	(2,224)	(6,837)			
<b>Net cash generated from/ (used in) operating activities</b>	<b>794,963</b>	(380,197)			
<b>Investing activities</b>					
Proceeds from disposal of property, plant and equipment	668	465			
Payment for the purchase of property, plant and equipment	(436,052)	(373,087)			
Payment for the purchase of intangible assets	(4,293)	(3,916)			
Government grants received relating to acquisition of property, plant and equipment	–	128,620			
Payment for the purchase of other financial assets	(472,154)	–			
Proceeds from disposals of other financial assets	83,574	–			
(Increase)/decrease in fixed deposits with banks with more than three months to maturity when placed	(421,740)	57,908			
Decrease in restricted bank deposits	14,249	–			
Interest received	58,957	46,873			
<b>Net cash used in investing activities</b>	<b>(1,176,791)</b>	(143,137)			
<b>Financing activities</b>					
Proceeds from bank loans	221,640	170,307			
Repayment of bank loans	(229,708)	(52,158)			
Capital element of lease rentals paid	(7,471)	(5,888)			
Interest element of lease rentals paid	(655)	(433)			
Interest paid	(7,885)	(15,205)			
Shares purchased under Share Award Plan	(4,731)	–			
Issuance of shares upon exercise of share options	–	330			
<b>Net cash (used in)/generated from financing activities</b>	<b>(28,810)</b>	96,953			
<b>Net decrease in cash and cash equivalents</b>	<b>(410,638)</b>	(426,381)			
<b>Cash and cash equivalents at 1 January</b>	<b>3,500,760</b>	2,818,823			
<b>Effect of foreign exchange rates changes</b>	<b>(15,758)</b>	(36,376)			
<b>Cash and cash equivalents at 30 June</b>	<b>3,074,364</b>	2,356,066			

The notes on pages 54 to 62 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

## 1 GENERAL

BOE Varitronix Limited (the "Company") is incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company (the "Directors") consider the ultimate controlling party of the Company and its subsidiaries (the "Group") to be BOE Technology Group Co., Ltd, which is incorporated in the People's Republic of China ("PRC"). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Units A-F, 35/F., Legend Tower, No.7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and Thin Film Transistor ("TFT") module assembly capacity.

## 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 22 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The 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 HKICPA. KPMG's independent review report to the Board of directors (the "Board") is included on page 47. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## 3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRS issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 4 REVENUE 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. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and touch panel display module assembly capacity.

#### (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 revenue and operating profits are derived from this business segment. The interim financial report has already been 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 revenue which is consistent with that in the interim financial report. Other information, being the total assets excluding deferred tax assets, other financial assets and current tax recoverable, 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 tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("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 operation to which they are allocated, in the case of intangible assets.

#### (i) Group's revenue from external customers

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
The PRC (place of domicile)	4,666,474	3,706,212
Europe	667,032	768,202
America	439,856	351,245
Korea	153,445	170,734
Others	230,512	213,824
	<b>1,490,845</b>	1,504,005
Consolidated revenue	<b>6,157,319</b>	5,210,217

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

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Czech Republic	168,134	189,443
Portugal	103,621	47,049
Italy	49,594	40,339
Romania	46,268	79,803
Germany	44,863	144,789
France	43,406	74,821
United Kingdom	4,592	5,917
Other European countries	206,554	186,041
	<b>667,032</b>	768,202

#### (ii) Group's specified non-current assets

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
	The PRC (place of domicile)	2,067,896
Others	16,668	18,720
	<b>2,084,564</b>	1,784,641

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 5 OTHER OPERATING INCOME

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Government grants (note)	16,328	47,783
Interest income on financial assets measured at amortised cost	58,067	48,065
Net gain/(loss) on financial assets measured at fair value through profit or loss	1,833	(19)
Net exchange gain	13,513	16,440
Net gain on disposal of property, plant and equipment	353	465
Rental receivable from operating leases	24	3,836
Other income	4,652	1,998
	<b>94,770</b>	118,568

Note: The amount represents the incentives granted by the government to the Group for engaging in research and development of high technology manufacturing and other subsidies of HK\$997,000 (2023: HK\$8,409,000), amortisation of government grants received in relation to acquisitions of machineries of HK\$14,588,000 (2023: HK\$2,145,000), incentive related to production of HK\$Nil (2023: HK\$34,200,000), and incentives granted in relation to staff retention of HK\$743,000 (2023: HK\$3,029,000). There are no unfulfilled conditions attaching to these government grants.

### 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
<b>(a) Finance costs</b>		
Interest on lease liabilities	655	433
Interest on bank borrowings	7,885	15,205
	<b>8,540</b>	15,638
<b>(b) Other item</b>		
Cost of inventories	5,454,644	4,737,131
<b>(c) Other operating expenses</b>		
Amortisation of intangible assets	1,929	1,445
Auditors' remuneration		
— Audit services	1,640	1,588
— Review services	450	450
— Other services	18	18
Bank charges	2,800	1,005
Building management fees	4,227	4,351
Factory consumables, cleaning and security service expenses	17,774	12,528
Freight charges	47,641	32,746
Insurance and quality assurance expenses	8,943	4,452
Legal and professional fees	4,164	5,067
Office expenses	6,670	6,020
Other taxes, surcharge & duties	15,594	8,328
Provision/(reversal) of expected credit losses allowance on trade receivables and amount due from an associate	4,719	(889)
Repair and maintenance	22,674	12,941
Sales, marketing and commission expenses	46,214	33,211
Subcontracting fees	28,264	13,980
Trademark licence fee	13,294	9,699
Travelling and entertainment expenses	14,883	15,662
Utilities expenses	42,428	37,296
Miscellaneous expenses	9,714	8,010
	<b>294,040</b>	207,908



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 7 INCOME TAX

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Current tax — Hong Kong Profits Tax	15,441	6,317
Current tax — Chinese Mainland income taxes	28,103	15,730
Current tax — Jurisdictions outside Hong Kong and the Chinese Mainland	(3,173)	5,894
Deferred tax	(30,637)	(9,251)
	9,734	18,690

#### (i) HONG KONG PROFITS TAX

The Group's operations in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%.

#### (ii) CHINESE MAINLAND INCOME TAXES

The Group's operations in the Chinese Mainland are subject to Corporate Income Tax Law of the PRC. The standard Chinese Mainland Corporate Income Tax rate is 25%.

Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), REHEO technology co. ltd. ("REHEO") and BOEVX Automotive Huizhou Co., Ltd ("Varitronix Huizhou"), subsidiaries of the Group, were designated as high and new technology enterprise, which qualified for a reduced Corporate Income Tax rate of 15%. Chengdu BOE Automotive Display Technology Co., Ltd. ("Chengdu Automotive"), subsidiary of the Group was entitled to preferential tax policy of the western development and was subject to the preferential Corporate Income Tax rate of 15%. Accordingly, the Varitronix Heyuan, REHEO, Varitronix Huizhou and Chengdu Automotive's applicable tax rate are 15% for the periods ended 30 June 2024 and 2023.

Other subsidiaries of the Group incorporated in the Chinese Mainland are subject to the standard PRC Corporate Income Tax rate of 25%.

Withholding tax is levied on dividend distributions arising from profits of the Chinese Mainland entities of the Group earned after 1 January 2008 based on an applicable tax rate at 5%.

#### (iii) JURISDICTIONS OUTSIDE HONG KONG AND THE CHINESE MAINLAND

Taxation for subsidiaries of the Group operating outside Hong Kong and the Chinese Mainland is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

### 8 EARNINGS PER SHARE

#### (a) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK\$172,100,000 (six months ended 30 June 2023: HK\$202,512,000) and the weighted average of 787,435,694 ordinary shares (2023: 785,412,552 ordinary shares) in issue during the interim period.

#### (b) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK\$172,100,000 (six months ended 30 June 2023: HK\$202,512,000) and the weighted average of 789,217,506 ordinary shares (2023: 789,120,056 ordinary shares) in issue during the interim period.

### 9 PROPERTY, PLANT AND EQUIPMENT

#### (a) RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of office and warehouses, and therefore recognised the additions to right-of-use assets of HK\$14,554,000 (six months ended 30 June 2023: HK\$13,981,000).

#### (b) ACQUISITIONS AND DISPOSALS OF OWNED ASSETS

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of HK\$414,277,000 (six months ended 30 June 2023: HK\$343,258,000). Items of property, plant and equipment with a net book value of HK\$315,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil), resulting in a gain on disposal of HK\$353,000 (six months ended 30 June 2023: HK\$465,000).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 10 OTHER FINANCIAL ASSETS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
<b>Non-current portion</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
— Unlisted equity securities outside Hong Kong	41,883	41,897
<b>Current portion</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
— Issued by financial institutions outside Hong Kong (note)	405,832	—
<i>Financial assets measured at amortised costs</i>		
— Issued by financial institutions outside Hong Kong	—	15,405
	<b>405,832</b>	<b>15,405</b>

Note: The balances as at 30 June 2024 represented the investments in the structured deposit products which were issued by our principal bankers, and with a guaranteed principal and a floating return.

### 11 INVENTORIES

During the six months ended 30 June 2024, the Group recognised inventory write-down of HK\$53,323,000 (six months ended 30 June 2023: HK\$92,256,000) in profit or loss and reversal of write-down of inventories of HK\$12,524,000 (six months ended 30 June 2023: HK\$7,219,000) as a reduction in the amount of inventories recognised as an expense in profit or loss.

### 12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS AND OTHER CONTRACT COSTS

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables, deposits and prepayments and other contract costs), based on invoice date and net of loss allowance of HK\$47,972,000 (31 December 2023: HK\$44,100,000) is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 60 days of the invoice issue date	1,843,315	1,482,570
61 to 90 days after the invoice issue date	326,389	378,849
91 to 120 days after the invoice issue date	195,547	255,079
More than 120 days but less than 12 months after the invoice issue date	164,438	94,903
	<b>2,529,689</b>	<b>2,211,401</b>

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

### 13 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Fixed deposits with banks with more than three months to maturity when placed	421,740	—
Restricted bank deposits	41,635	55,884
Fixed deposits with banks with three months or less to maturity when placed	1,002,440	1,258,701
Cash at banks and on hand	2,071,924	2,242,059
Cash and cash equivalents	<b>3,074,364</b>	<b>3,500,760</b>

As at 30 June 2024, the amount of HK\$41,635,000 are deposit at bank which are restricted for letter of credit granted by bank (31 December 2023: HK\$55,884,000).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 14 TRADE AND OTHER PAYABLES

As at the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 60 days of supplier invoice date	3,561,168	3,242,495
61 to 120 days after supplier invoice date	285,998	377,646
More than 120 days but within 12 months after supplier invoice date	347,553	131,089
More than 12 months after supplier invoice date	46,325	56,951
	<b>4,241,044</b>	3,808,181

### 15 CAPITAL, RESERVES AND DIVIDENDS

#### (a) DIVIDENDS

#### (i) Dividends payable to equity shareholders of the Company attributable to the interim period

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

#### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of 19.0 HK cents (2023: 23.0 HK cents) per share	149,660	180,964

The final dividend has been recognised as dividend payable in the consolidated statement of financial position as at 30 June 2024.

### (b) EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### (i) Share option scheme

During the six months ended 30 June 2023, options have been exercised to subscribe for 165,000 ordinary shares in the Company at a consideration of HK\$330,000.

During the six months ended 30 June 2023, 500,000 options were lapsed.

The share option scheme has expired on 2 June 2023 and there was no share option scheme effective during the six months ended 30 June 2024.

#### (ii) Share award plan

During the six months ended 30 June 2024, the Group purchased a total number of 1,000,000 shares on the market at a total consideration of approximately \$4,731,000 (six months ended 30 June 2023: HK\$Nil) for the purpose of the share award plan.

On 22 March 2023, the Company awarded a total of 662,000 ordinary shares to the eligible persons including its directors and employees. Among the 662,000 awarded shares, the first 30% of the awarded shares were vested to the eligible persons on 12 April 2023, the second 30% of the awarded shares were vested on 12 April 2024, and the remaining 40% shall be vested on 11 April 2025. Further details are set out in the Company's announcement dated 22 March 2023.

On 22 March 2024, the Company awarded a total of 2,047,000 ordinary shares to the eligible persons including its directors and employees. Among the 2,047,000 awarded shares, the first 40% of the awarded shares were vested to the eligible persons on 2 May 2024, the second 30% of the awarded shares were vested on 2 May 2025, and the remaining 30% shall be vested on 2 May 2026. Further details are set out in the Company's announcement dated 24 March 2024.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

##### (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2024 \$'000	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>				
Structured products	405,832	–	405,832	–
Unlisted equity securities	41,883	–	–	41,883
	<b>447,715</b>	<b>–</b>	<b>405,832</b>	<b>41,883</b>

	Fair value at 31 December 2023 \$'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>				
Treasury bills	15,405	15,405	–	–
Unlisted equity securities	41,897	–	–	41,897
	<b>57,302</b>	<b>15,405</b>	<b>–</b>	<b>41,897</b>

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: HK\$Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

##### (ii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is approximated using their purchase price based on comparable transactions approach as the Directors consider that it represents the unlisted equity securities' most recent market value. The valuation approach requires significant judgement, assumption and inputs, including market information of recent transactions (such as recent fund raising transactions undertaken by the investees).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Unlisted equity securities:		
At 1 January	41,897	42,588
Exchange adjustment	(14)	(73)
At 30 June	41,883	42,515

#### (b) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

### 17 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties, including BOE Technology Group Co., Ltd. ("BOE"), the parent of the Company, and its subsidiaries other than the Group (collectively "BOE Group"), except for disclosed elsewhere in these unaudited condensed consolidated interim financial report:

	Notes	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Purchase of goods from BOE Group	1	2,496,481	2,377,442
Purchase of property, plant and equipment and intangible assets from BOE Group	2	56,337	38,311
Lease of property, plant and equipment from BOE Group	2	4,045	3,512
Lease of property, plant and equipment to BOE Group	3	–	3,472
Rental, management fee, utilities service fees and computer integrated manufacturing system fee charged by BOE Group	4	46	47
Trademark licence fee charged by BOE Group	5	13,290	9,699
Subcontracting fee charged to BOE Group	6	737	677



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars otherwise indicated)

### 17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Notes:

- The transactions were conducted based on the terms as governed by the renewed master purchase agreement and renewed master subcontracting agreement entered into between the Company and BOE on 6 September 2021. Further details are set out in the Company's announcement dated 6 September 2021. The related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- The transactions were conducted based on the terms as governed by the master framework agreement entered into between the Company and BOE on 22 July 2022. The agreement was renewed on 29 May 2024 and extended the terms to 31 December 2025. Further details are set out in the Company's announcement dated 29 May 2024. The related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- The transactions were conducted based on the terms as governed by the assets lease agreement entered into between Varitronix (Chengdu) Display Technology Co., Ltd, a wholly-owned subsidiary of the Company, and Chengdu BOE Optoelectronics Technology Co., Ltd. ("Chengdu BOE"), a wholly-owned subsidiary of BOE on 30 December 2021. Further details are set out in the Company's announcement dated 30 December 2021. The related party transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules.
- The transactions were conducted based on the terms as governed by the tenancy agreement ("Tenancy Agreement") for a term commencing from 1 January 2022 to 31 December 2024. The transactions as contemplated under the Tenancy Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.
- The transactions were conducted based on the terms as governed by the renewed trademark licence agreement ("Trademark Licence Agreement") on 21 December 2022 to extend the terms to 31 December 2024. The transactions as contemplated under the Trademark Licence Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.
- The transactions were conducted based on the terms as governed by the Master Subcontracting Agreement entered into between the Company and BOE on 29 April 2022. Further details are set out in the Company's announcement dated 29 April 2022. The related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The above transactions are presented net of value added tax.

#### (b) BALANCES WITH RELATED PARTIES

At 30 June 2024, included in trade and other payables were amounts due to BOE Group for the purchase cost and other expenses payable of HK\$1,069,381,000 (31 December 2023: HK\$694,949,000). Non-current deposits of HK\$54,991,000 (31 December 2023: HK\$68,022,000) were paid to BOE Group for the purchase of the TFT panels toolings for manufacturing TFT modules. Prepayment of HK\$2,474,000 (31 December 2023: HK\$2,739,000) made to BOE Group were included in trade and other receivables, deposits and prepayments and other contract costs in the consolidated statement of financial position.

Other than non-current deposits, balances with related parties are unsecured, interest-free and are recoverable within one year.

### 18 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 2024 \$'000	At 31 December 2023 \$'000
Contracted for	161,482	346,202

### 19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this interim report.