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VARITRONIX INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENT AND RELATED AGREEMENTS

On 13 January 2017, Link Score, a wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with Chengdu BOE for a term commencing from 15 January 2017 to 31 December 2019 (both days inclusive). In connection with the Tenancy Agreement, Link Score also entered into the Related Agreements with Chengdu BOE for the term during the subsistence of the Tenancy Agreement.

BOE (HK), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company, holding approximately 54.42% of the issued share capital of the Company as at the date of this announcement. Chengdu BOE is a wholly-owned subsidiary of BOE and an associate of BOE (HK) and is thus a connected person of the Company under the Listing Rules. As such, each of the transactions as contemplated under the Tenancy Agreement, the Management Agreement, the Utilities Agreement and the CIM System Management Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the estimated annual payment under the Tenancy Agreement and the Related Agreements on an aggregate basis, the Annual Caps for the relevant periods in 2017, 2018 and 2019 are RMB7,736,383.54, RMB12,368,385.88 and RMB12,368,385.88 respectively. The highest Annual Cap is estimated to be RMB12,368,385.88 (equivalent to approximately HK\$13,852,592.19), which exceeds 0.1% but is less than 5% of certain applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules. Accordingly, the transactions as contemplated under the Tenancy Agreement and the Related Agreements on an aggregate basis are subject to the reporting and announcement requirements, but shall be exempt from the circular and shareholders' approval requirements in accordance with Rule 14A.76(2) of the Listing Rules.

The Company will comply with the annual review and reporting requirements under Chapter 14A of the Listing Rules in relation to the Tenancy Agreement and the Related Agreements.

TENANCY AGREEMENT AND RELATED AGREEMENTS

On 13 January 2017, Link Score, a wholly-owned subsidiary of the Company, entered into the Tenancy Agreement, the Management Agreement, the Utilities Agreement and the Computer Integrated Manufacturing (the “CIM”) System Management Agreement whereby (i) Chengdu BOE has agreed to lease the Premises to Link Score; and (ii) Chengdu BOE has agreed to provide (a) management service, (b) utilities and (c) optional CIM system management service for Link Score in connection with the lease of the Premises on the following terms:

Date : 13 January 2017

Parties : Landlord — Chengdu BOE
Tenant — Link Score

Premises : Part of 3/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC.

The Premises has a total construction floor area of approximately 4,210.40 square metres.

Term : A term from 15 January 2017 to 31 December 2019, both days inclusive.

Monthly Rental : RMB84,123.79 per month on the basis of RMB19.98 per month per square meter, payable within ten (10) Business Days of each and every calendar month in advance.

A sum of RMB200,000.00 shall be paid as deposit by Link Score payable within thirty (30) Business Days upon signing of the Tenancy Agreement.

Monthly Management Fee : RMB115,485.56 per month for the period from 15 January 2017 to 31 December 2017.

RMB170,115.29 per month for the period from 1 January 2018 to 31 December 2019.

The monthly management fee includes security services, cleaning services, green maintenance, fire services, process vacuum management services and base power facilities operation and maintenance costs for public areas.

The monthly management fee is payable within ten (10) Business Days of each and every calendar month in advance.

Optional Monthly CIM System Management Fee : The fee of the optional CIM system management service from 15 January 2017 to 14 July 2017 is waived. Monthly fee of RMB83,126.41 will be charged by Chengdu BOE if Link Score chooses to use the service after 14 July 2017.

Estimated Monthly Utilities Fee : The monthly utilities fee is on a cost basis based on actual usage which is measured by meters. It includes low temperature chilled water, medium temperature chilled water, hot water, electricity, compressed air and ultra-pure water.

RMB4,970,000.00 per year for the period from 15 January 2017 to 31 December 2017.

RMB8,320,000 per year for the period from 1 January 2018 to 31 December 2019.

The utilities fee of the preceding month is payable in arrear together with the monthly rental and the monthly management fee.

Termination : Either party may terminate the Tenancy Agreement and the Related Agreements by serving the other party a prior three-month notice.

BASIS AND REASONS FOR THE TRANSACTIONS AND THE ANNUAL CAPS

As set out in the circular of the Company dated 22 March 2016, BOE Group has established production facilities of TFT modules, the Group intends to leverage on the manufacturing resources of BOE and may consider to acquire such facilities to quickly expand its automobile TFT modules manufacturing business segment in view of the market trends and opportunities. Following completion of the Subscription, a wholly-owned subsidiary is being set up in Chengdu for the business expansion of the Group's TFT business segment. The Board has considered the business needs of the Group and is of the view that additional production and office space are required for the operation and growth of the Group and the Premises, which is located in the premises of Chengdu BOE's TFT panel production facilities, fits the needs of the expansion. To strengthen the business operation in the TFT business segment of the Group, the Group is currently in discussion with Chengdu BOE to the possible acquisition of certain TFT module production facilities (the "Target Assets") from Chengdu BOE. Through this acquisition, the Group is able (i) to save the searching cost of identifying the various suitable equipment for the operation of TFT business; (ii) to simplify the procurement process by acquiring the Target Assets under a single transaction instead of entering into numerous purchasing agreements with different equipment vendors; and (iii) to save the installation time and cost of the Target Assets and the design and setup time of the production line. If there is any updated information in

relation to the discussion, the Company will make further announcements in this regard as and when appropriate.

The entering into of the Tenancy Agreement and the Related Agreements are in the ordinary and usual course of business of Link Score. The terms of the Tenancy Agreement and the Related Agreements are on normal commercial terms or better and were negotiated on an arm's length basis between the parties with reference to the market rent rates and the management fee rates for the adjacent properties quoted by a property agent. The optional CIM system management fee was apportioned on a usage basis based on the actual costs of Chengdu BOE, which was arrived at after arm's length negotiations. The utilities fee is on a cost basis based on actual usage which is measured by meters.

Pursuant to the Tenancy Agreement and the Related Agreements on an aggregate basis, the Annual Caps for the total estimated annual payment (comprising the above rental, management fee, utilities fee and optional CIM system management fee) for the relevant periods in 2017, 2018 and 2019 are as follows:

	For the periods from 15 January 2017 to 31 December 2017 (RMB)	For the year ending 31 December 2018 (RMB)	For the year ending 31 December 2019 (RMB)
Total payment under the Tenancy Agreement	971,494.09	1,009,485.48	1,009,485.48
Total payment under the Management Agreement	1,333,671.95	2,041,383.48	2,041,383.48
Total payment under the CIM System Management Agreement	461,217.50	997,516.92	997,516.92
Sub-total	2,766,383.54	4,048,385.88	4,048,385.88
Estimated total payment under the Utilities Agreement	4,970,000.00	8,320,000.00	8,320,000.00
Total (Annual Caps (each an "Annual Cap"))	7,736,383.54	12,368,385.88	12,368,385.88

The Directors (including the independent non-executive Directors) are of the view that each of the Tenancy Agreement, the Management Agreement, the Utilities Agreement and the CIM System Management Agreement was entered into in the ordinary and usual course of business of Link Score and on normal commercial terms or better and that the terms (including the Annual

Caps) of the Tenancy Agreement and the Related Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Each of Mr. Yao Xiangjun (“Mr. Yao”), an executive Director, and Mr. Dong Xue (“Mr. Dong”), a non-executive Director, held 100,000 A shares of BOE as at the date of this announcement. In addition, Mr. Yao is a director and a member of executive committee of BOE, a senior vice president, a joint chief operating officer and the chief executive officer of the smart system business group of BOE. Mr. Dong is a vice president and the chief technical officer for display panel business of BOE. Moreover, Mr. Su Ning (“Mr. Su”), an executive Director, is the general manager of the application business department of Beijing BOE Display Technology Co., Ltd., a subsidiary of BOE. Ms. Yang Xiaoping (“Ms. Yang”), a non-executive Director, is a vice president and a deputy financial controller of BOE. Ms. Yang is also a director or supervisor of a number of subsidiaries of BOE. Mr. Yuan Feng (“Mr. Yuan”), a non-executive Director, is a vice president and the chief strategic marketing officer of BOE. Mr. Yuan is also the chairman of the board of directors of Beijing BOE Sales Co., Ltd, a subsidiary of BOE, and a director of a number of subsidiaries of BOE.

Mr. Yao, Mr. Dong, Mr. Su, Ms. Yang and Mr. Yuan present at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting to approve under the Tenancy Agreement and the Related Agreements and the Annual Caps of the aggregate estimated annual payment under the Tenancy Agreement and the Related Agreements for the relevant periods. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the Tenancy Agreement and Related Agreements.

CONNECTED PERSON

BOE (HK), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company, holding approximately 54.42% of the issued share capital of the Company as at the date of this announcement. Chengdu BOE is a wholly-owned subsidiary of BOE and an associate of BOE (HK) and is thus a connected person of the Company under the Listing Rules. As such, each of the transactions as contemplated under the Tenancy Agreement, the Management Agreement, the Utilities Agreement and the CIM System Management Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Based on the estimated annual payment under the Tenancy Agreement and the Related Agreements on an aggregate basis, the Annual Caps for the relevant periods in 2017, 2018 and 2019 are RMB7,736,383.54, RMB12,368,385.88 and RMB12,368,385.88 respectively. The highest Annual Cap is estimated to be RMB12,368,385.88 (equivalent to approximately HK\$13,852,592.19), which exceeds 0.1% but is less than 5% of certain applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules. Accordingly, the transactions as contemplated

under the Tenancy Agreement and the Related Agreements on an aggregate basis are subject to the reporting and announcement requirements, but shall be exempt from the circular and shareholders' approval requirements in accordance with Rule 14A.76(2) of the Listing Rules.

The Company will comply with the annual review and reporting requirements under Chapter 14A of the Listing Rules in relation to the Tenancy Agreement and the Related Agreements.

GENERAL INFORMATION

The Group was established in 1978 and built its factories in the PRC in 1983. The Group is principally engaged in automobile display products and has monochrome display manufacturing capacity. The Shares were listed on the Main Board of the Stock Exchange in 1991. Since its incorporation, the Company has been combining scientific and technological research, innovative product design, flexible product specifications and efficient manufacturing for many applications, including automotive components, industrial and consumer products, also providing complete display solutions for its customers. In addition to supplying standard products, the Group also provides tailor-made LCDs and modules for the specific needs of its customers.

Link Score is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

BOE was founded in April 1993 and the issued shares of which are listed on the Shenzhen Stock Exchange. It is a supplier of semiconductor display technologies, products and services and its products are widely used in a broad spectrum of applications such as mobile phones, tablets, notebooks, monitors, TVs, vehicle displays and digital information displays.

Chengdu BOE is a wholly-owned subsidiary of BOE and an associate of BOE (HK) and is principally engaged in research and development, technology, production and sales of various small and medium size thin film transistor liquid crystal display (TFT-LCD) panel and related products of high-tech enterprises.

DEFINITIONS

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

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| “associate(s)” | : has the same meaning as ascribed to it under the Listing Rules |
| “Board” | : the board of Directors |
| “BOE” | : BOE Technology Group Co., Ltd |
| “BOE (HK)” | : BOE Technology (HK) Limited, a company incorporated in Hong |

Kong with limited liability, is a wholly-owned subsidiary of BOE

- “BOE Group” : BOE and its subsidiaries
- “Business Day” : a day (other than Saturday, Sunday or public holiday and days on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong) on which commercial banks in Hong Kong and the PRC are open for general business
- “Chengdu BOE” : Chengdu BOE Optoelectronics Technology Co., Ltd., a company established in Chengdu with limited liability, is a wholly-owned subsidiary of BOE
- “CIM System Management Agreement” : Supplementary Agreement III of the Tenancy Agreement in relation to optional CIM system management service fee dated 13 January 2017 between Link Score and Chengdu BOE during the subsistence of the Tenancy Agreement
- “Company” : Varitronix International Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
- “connected person(s)” : has the same meaning as ascribed to it under the Listing Rules
- “controlling shareholder” : has the same meaning as ascribed to it under the Listing Rules
- “Director(s)” : director(s) of the Company
- “Group” : the Company and its subsidiaries
- “HK\$” : Hong Kong dollars, the lawful currency of Hong Kong
- “Hong Kong” : the Hong Kong Special Administrative Region of the PRC
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange
- “Link Score” : Link Score Investment Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
- “Management” : Supplementary Agreement I of the Tenancy Agreement in relation to

Agreement”	management fee dated 13 January 2017 between Link Score and Chengdu BOE during the subsistence of the Tenancy Agreement
“Premises”	: Part of 3/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC
“PRC”	: the People’s Republic of China (which for the purpose of the Tenancy Agreement and the Related Agreements, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Related Agreements”	: the Management Agreement, the Utilities Agreement and the CIM System Management Agreement
“RMB”	: Renminbi, the lawful currency of the PRC
“Shares”	: the ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	: holders of the Share(s)
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Subscription”	: The subscription of the 400,000,000 new Shares by BOE (HK) under the subscription agreement dated 3 February 2016 entered into between the Company and BOE
“Tenancy Agreement”	: a tenancy agreement dated 13 January 2017 between Chengdu BOE as the landlord and Link Score as the tenant in respect of lease of the Premises
“Utilities Agreement”	: Supplementary Agreement II of the Tenancy Agreement in relation to utilities fee dated 13 January 2017 between Link Score and Chengdu BOE during the subsistence of the Tenancy Agreement
“%”	: percentage

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.12 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By Order of the Board
Varitronix International Limited
Yao Xiangjun
Chairman

Hong Kong, 13 January 2017

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