

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

CONNECTED TRANSACTION
(1) TERMINATION AGREEMENT

CONTINUING CONNECTED TRANSACTIONS
(2) NEW TENANCY AGREEMENT
(3) ASSETS LEASE AGREEMENT

(1) TERMINATION AGREEMENT

On 14 February 2019, Chengdu Vx entered into the Termination Agreement with Chengdu BOE, pursuant to which the Tenancy Agreement and the Related Agreements will be terminated with effect from 15 February 2019.

(2) NEW TENANCY AGREEMENT

On 14 February 2019, Chengdu Vx entered into the New Tenancy Agreement with Chengdu BOE for a term commencing from 15 February 2019 to 31 December 2021 (both days inclusive).

(3) ASSETS LEASE AGREEMENT

On 14 February 2019, Chengdu Vx entered into the Assets Lease Agreement with Chengdu BOE for the leasing of the Lease Assets to Chengdu BOE for a term commencing from 15 February 2019 to 31 December 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

Connected transaction

BOE (HK), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company, holding approximately 54.41% 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, the transaction as contemplated under the Termination Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. None of the parties to the Termination Agreement is required to make any payment to each other pursuant to the Termination Agreement. The Termination Agreement is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Continuing connected transactions

Each of the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement are required to be aggregated. Based on the annual payment under the New Tenancy Agreement and the Assets Lease Agreement on an aggregate basis, the Annual Caps for the relevant periods in 2019, 2020 and 2021 are approximately RMB12,373,685.00, RMB14,141,354.00 and RMB14,141,354.00 respectively. Based on all applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement on an aggregate basis are exempt from the circular and shareholders' approval requirements in accordance with Rule 14A.76(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 13 January 2017 in relation to the Continuing Connected Transactions – Tenancy Agreement and Related Agreements.

(1) TERMINATION AGREEMENT

On 14 February 2019, Chengdu Vx entered into the Termination Agreement with Chengdu BOE, pursuant to which the Tenancy Agreement and the Related Agreements will be terminated with effect from 15 February 2019. Chengdu Vx will return the Premises to Chengdu BOE before 18 February 2019.

(2) NEW TENANCY AGREEMENT

On 14 February 2019, Chengdu Vx entered into the New Tenancy Agreement whereby Chengdu BOE has agreed to lease the New Premises to Chengdu Vx on the following terms:

Date : 14 February 2019

Parties : Landlord — Chengdu BOE

Tenant — Chengdu Vx

New Premises : Part of 4/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC.

The New Premises has a total construction floor area of approximately 135 square metres.

Term : A term from 15 February 2019 to 31 December 2021, both days inclusive.

Rental : RMB2,673.00 per month on the basis of RMB19.80 per month per square meter, payable within ten (10) Business Days of each and every calendar month in advance.

A sum of RMB10,000.00 shall be paid as deposit by Chengdu Vx payable within fifteen (15) days upon signing of the New Tenancy Agreement.

Management Fee : RMB2,475.90 per month

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

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

Utilities Fee : RMB2,552.00 per month

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

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

The terms of the New Tenancy Agreement 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.

(3) ASSETS LEASE AGREEMENT

On 14 February 2019, Chengdu Vx entered into the Assets Lease Agreement whereby Chengdu Vx has agreed to lease the Lease Assets to Chengdu BOE on the following terms:

- Date** : 14 February 2019
- Parties** : Lessor — Chengdu Vx
Lessee — Chengdu BOE
- Lease Assets** : The Lease Assets comprise the production equipment, research and development equipment, quality control equipment, office furniture, office electronics (computer) equipment and etc which are located at the Premises.
- Lease Period** : A term from 15 February 2019 to 31 December 2021, both days inclusive.
- Rent and Payment** : RMB1,170,745.23 (equivalent to approximately HK\$1,369,771.92) per month

The aggregate lease payments to be received by Chengdu Vx for its leasing of the Lease Assets to Chengdu BOE for each year ending 31 December 2019, 2020 and 2021 are approximately RMB12,292,825.00, RMB14,048,943.00 and RMB14,048,943.00, respectively.

Chengdu BOE shall make the lease payment within fifteen (15) days of each and every calendar month in advance. A sum of RMB1,000,000.00 shall be paid as deposit by Chengdu BOE payable within thirty (30) days upon signing of the Assets Lease Agreement.

The terms of the Assets Lease Agreement are determined by

negotiations between the parties on an arm's length basis with reference to factors such as (1) the existing operation conditions of the Lease Assets; (2) the value of the Lease Assets and the Lease Period; and (3) the cost of capital of Chengdu Vx.

Terms of leasing : Chengdu BOE will be responsible for the maintenance of the Lease Assets during the Lease Period.

Chengdu BOE shall produce the Group's products with priority.

BASIS AND REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT, THE NEW TENANCY AGREEMENT AND THE ASSETS LEASE AGREEMENT, AND THE ANNUAL CAPS

The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT (thin film transistor) module assembly capacity. Through the subscription of new equity in the Company by BOE in 2016, the Company has realized a strategic business relationship with the BOE Group and the Group will leverage the competitive edges of the BOE Group, such as panel research and automated manufacturing process, to strengthen the cooperation and business development with the BOE Group in proximity to BOE's TFT panel production facilities.

The TFT business is highly competitive. The Group is developing standardized platform TFT modules to promote to its customers in order to achieve further economies of scales. The Group considered that it is to the Group's interest that the manufacturing of standardized platform TFT modules under one integrated manufacturing process and control, i.e. from panel production to TFT modules assembly, will render the Group higher competitive advantages including, but not limited to yield enhancement, quality control, supply chain management and etc. by leveraging the various competitive edges of the BOE Group.

The Premises (a total construction floor area of approximately 4,210.40 square metres) has been leased to the Group since 13 January 2017 under the Tenancy Agreement and the Related Agreements for the operation of the Lease Assets for TFT modules assembly. As a result of aforesaid integration of the TFT modules manufacturing process for standardized platform TFT modules products to the BOE Group, the Premises for TFT modules assembly will no longer be required by the Group and the office of Chengdu Vx will be relocated to the New Premises (a total construction floor area of approximately 135 square metres) under the New Tenancy Agreement. The BOE Group will utilize the Lease Assets for the manufacturing of TFT

modules in the Premises. The Directors are of the view that the Termination Agreement for the Premises and the New Tenancy Agreement for the New Premises are beneficial to the Group for cost-saving purpose.

Through the integration of the TFT modules manufacturing process for standardized platform TFT modules products to the BOE Group and the assets lease arrangement, the Group is able (i) to enjoy the benefit of economies of scale of integration of the TFT modules production; (ii) to save the direct costs such as labor costs, utility expenses and rental expenses for the TFT modules assembly using the Lease Assets; (iii) to benefit from the economies of scales of the supply chain of the BOE Group for the procurement of various components of TFT modules; and (iv) to achieve a reasonable return from the leasing of the Lease Assets. The Directors are of the view that the Assets Lease Agreement is beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Termination Agreement, the New Tenancy Agreement and the Assets Lease Agreement are in the ordinary and usual course of business of Chengdu Vx. The terms of the Termination Agreement, the New Tenancy Agreement and the Assets Lease Agreement are on normal commercial terms or better and that the terms (including the Annual Caps) of the Termination Agreement, the New Tenancy Agreement and the Assets Lease Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Pursuant to the New Tenancy Agreement and the Assets Lease Agreement on an aggregate basis, the Annual Caps for the total annual payment for the relevant periods in 2019, 2020 and 2021 are as follows:

	For the periods from 15 February 2019 to 31 December 2019 (RMB)	For the year ending 31 December 2020 (RMB)	For the year ending 31 December 2021 (RMB)
Total Rental	28,067	32,076	32,076
Total Management Fee	25,997	29,711	29,711
Total Utilities Fee	26,796	30,624	30,624
Total payment under the New Tenancy Agreement	80,860	92,411	92,411
Total payment under the Assets Lease Agreement	12,292,825	14,048,943	14,048,943
Total (Annual Caps (each an “Annual Cap”))	12,373,685	14,141,354	14,141,354

Mr. Gao Wenbao (“Mr. Gao”), an executive Director, held 90,700 A shares of BOE, Mr. Su Ning (“Mr. Su”), an executive Director, held 30,000 A shares of BOE, Ms. Yang Xiaoping (“Ms. Yang”), a non-executive Director, held 121,200 A shares of BOE, Mr. Dong Xue (“Mr. Dong”), a non-executive Director, held 355,400 A shares of BOE, and Mr. Yuan Feng (“Mr. Yuan”), a non-executive Director, held 47,000 A shares of BOE. In addition, Mr. Gao is the chief executive officer of Display and Sensor Business Group of BOE. Mr. Su is the general manager of the application business department of Beijing BOE Display Technology Co., Ltd., a subsidiary of BOE. Ms. Yang is a vice president and a deputy financial controller of BOE, and a director or supervisor of a number of subsidiaries of BOE. Mr. Dong is a senior vice president and the chief technical officer for display panel business of BOE. Mr. Yuan is a vice president and the chief marketing officer of BOE.

Mr. Gao, Mr. Su, Ms. Yang, Mr. Dong 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 Agreements and the Annual Caps of the aggregate annual payment under the 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 Agreements.

LISTING RULES IMPLICATIONS

Connected transaction

BOE (HK), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company, holding approximately 54.41% 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, the transaction as contemplated under the Termination Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. None of the parties to the Termination Agreement is required to make any payment to each other pursuant to the Termination Agreement. The Termination Agreement is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Continuing connected transactions

Each of the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement are required to be aggregated. Based on the annual payment under the New Tenancy Agreement and the Assets Lease Agreement on an aggregate basis, the Annual Caps for the relevant periods in 2019, 2020 and 2021 are approximately RMB12,373,685.00, RMB14,141,354.00 and RMB14,141,354.00 respectively. Based on all applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the New Tenancy Agreement and the Assets Lease Agreement on an aggregate basis are exempt from the circular and shareholders' approval requirements in accordance with Rule 14A.76(2) of the Listing Rules.

GENERAL INFORMATION

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

Chengdu Vx is a wholly-owned subsidiary of the Company and is principally engaged in research and development, design, production, processing and sales of flat panel display, display module, touch panel and other electronic products; TFT-LCD, plasma display panel (PDP), organic light-emitting diode (OLED) and other flat panel display and display materials.

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 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:

“Agreements” : the Termination Agreement, the New Tenancy Agreement and the Assets Lease Agreement

- “Assets Lease Agreement” : the assets lease agreement dated 14 February 2019 entered into between Chengdu Vx as the lessor and Chengdu BOE as the lessee for the leasing of the Lease Assets to Chengdu BOE
- “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
- “Chengdu Vx” : Chengdu BOE Vehicle Display Technology Co., Ltd. (formerly known as Varitronix (Chengdu) Display Technology Co. Ltd.), a company incorporated in Chengdu with limited liability, is a wholly-owned subsidiary of the Company
- “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” : BOE Varitronix Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the issued

shares of which are listed on the Main Board of the Stock Exchange

- “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
- “Lease Assets” : certain assets held by Chengdu Vx, details of which are set out in the subsection headed “The Lease Assets”
- “Link Score” : Link Score Investment Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange
- “Management Agreement” : Supplementary Agreement I of the Tenancy Agreement in relation to management fee dated 13 January 2017 between Link Score and Chengdu BOE during the subsistence of the Tenancy Agreement
- “New Premises” : Part of 4/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC
- “New Tenancy Agreement” : a tenancy agreement dated 14 February 2019 between Chengdu BOE as the landlord and Chengdu Vx as the tenant in respect of lease of the New Premises

- “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 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
- “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
- “Termination Agreement” : the termination agreement dated 14 February 2019 entered into between Chengdu BOE and Chengdu Vx to terminate the Tenancy Agreement and the Related Agreements
- “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\$1.17 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
BOE Varitronix Limited
Gao Wenbao
Chairman

Hong Kong, dated 14 February 2019

As at the date of this announcement, the Board comprises nine Directors, of whom Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha and Mr. Su Ning are executive Directors, 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.