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

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF TENANCY AGREEMENT AND ASSETS LEASE AGREEMENT**

The Existing Tenancy Agreement and the Existing Assets Lease Agreement will expire on 31 December 2021. On 30 December 2021 (after trading hours), Chengdu Vx and Chengdu BOE entered into the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement, subject to the terms and conditions therein, to extend the respective terms of the agreements to 31 December 2024.

**LISTING RULES IMPLICATIONS**

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company, holding approximately 54.34% 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 contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are required to be aggregated. Based on the annual amount under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement and the related taxes (which include an additional buffer of approximately 5%) on an aggregate basis, the Annual Caps for each year of 2022, 2023

and 2024 are RMB14,500,000. As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement on an aggregate basis are more than 0.1% but less than 5%, the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 14 February 2019 in relation to the Connected Transaction – (1) Termination Agreement and the Continuing Connected Transactions – (2) New Tenancy Agreement and (3) Assets Lease Agreement.

The Existing Tenancy Agreement and the Existing Assets Lease Agreement will expire on 31 December 2021. On 30 December 2021 (after trading hours), Chengdu Vx and Chengdu BOE entered into the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement, subject to the terms and conditions therein, to extend the respective terms of the agreements to 31 December 2024.

### **(1) RENEWAL TENANCY AGREEMENT**

On 30 December 2021 (after trading hours), Chengdu Vx entered into the Renewal Tenancy Agreement whereby Chengdu BOE has agreed to lease the Premises II to Chengdu Vx on the following terms:

**Date** : 30 December 2021 (after trading hours)

**Parties** : Landlord – Chengdu BOE  
Tenant – Chengdu Vx

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

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

**Term** : A term from 1 January 2022 to 31 December 2024, both days inclusive.

**Rental** : RMB2,649 per month on the basis of RMB19.62 per month per square meter.

Chengdu Vx pays RMB10,000 to Chengdu BOE as a deposit.

**Management Fee** : RMB2,476 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.

**Utilities Fee** : RMB2,486 per month

**Payment** : Chengdu BOE issues an invoice to Chengdu Vx before the 10th of each month, and Chengdu Vx shall pay the rental, management fee and utilities fee to Chengdu BOE within 15 days after receiving the invoice.

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

The terms of the Renewal Tenancy Agreement were negotiated on an arm's length basis between the parties with reference to (1) the historical rental, management fee and utilities fee paid under the Existing Tenancy Agreement (which are same as those in the Renewal Tenancy Agreement, exclude the value-added tax rate of the rental and utilities fee reduced from 10% and 16% to 9% and 13% respectively); and (2) the market rent rates and the management fee rates for the adjacent properties quoted by a property agent.

## (2) RENEWAL ASSETS LEASE AGREEMENT

On 30 December 2021 (after trading hours), Chengdu Vx entered into the Renewal Assets Lease Agreement whereby Chengdu Vx has agreed to lease the Lease Assets to Chengdu BOE on the following terms:

- Date** : 30 December 2021 (after trading hours)
- 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 I.
- Lease Period** : A term from 1 January 2022 to 31 December 2024, both days inclusive.
- Rent and Payment** : RMB1,140,467 (equivalent to approximately HK\$1,402,775) per month

The aggregate lease amount to be received by Chengdu Vx for its leasing of the Lease Assets to Chengdu BOE for each year of 2022, 2023 and 2024 are approximately RMB13,685,608.

Chengdu Vx issues an invoice to Chengdu BOE each month, and Chengdu BOE shall pay the rent to Chengdu Vx within 15 days after receiving the invoice. Chengdu BOE paid a deposit of RMB1,000,000 to Chengdu Vx under the Existing Assets Lease Agreement, which will continue to be retained as the deposit for the Renewal Assets Lease Agreement.

The terms of the Renewal Assets Lease Agreement were negotiated on an arm's length basis between the parties with reference to (1) the historical rent under the Existing Assets Lease Agreement (which are same as those in the Renewal Assets Lease Agreement, exclude the value-added tax rate reduced from 16% to 13%); (2) the existing operation conditions of the Lease Assets; (3) the value of the Lease Assets and the Lease Period; and (4) the cost of capital of Chengdu Vx.

**Terms of leasing** : Chengdu BOE will be responsible for the inspection and 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 RENEWAL TENANCY AGREEMENT AND THE RENEWAL ASSETS LEASE AGREEMENT, AND THE ANNUAL CAPS**

Currently, the Premises II are used as an office by Chengdu Vx and the Lease Assets which located at the Premises I are utilized for the manufacturing of TFT modules by the BOE Group. The Directors are of the view that the lease of the Premises II and the Lease Assets under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement will help the Group maintain stability in its operations and cost effectiveness.

The Directors (including the independent non-executive Directors) are of the view that (i) the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are entered into the ordinary and usual course of business of the Group; (ii) the terms of the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement, and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable and on normal commercial terms or better; and (iii) the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are in the interests of the Company and the Shareholders as a whole.

The existing annual caps and historical transaction amounts under the Existing Tenancy Agreement and the Existing Assets Lease Agreement on an aggregate basis for the relevant period/ years in 2019, 2020 and 2021 are as follows:

	For the period from 15 February 2019 to 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the year ending 31 December 2021 (unaudited)
	(RMB)	(RMB)	(RMB)
Total rental	27,848	31,784	29,136*
Total management fee	25,997	29,711	27,235*
Total utilities fee	26,202	29,832	27,346*
Total amount under the Existing Tenancy Agreement	80,047	91,327	83,717*
Total amount under the Existing Assets Lease Agreement	12,020,324	13,685,608	12,545,141*
Total amount under the Existing Tenancy Agreement and the Existing Assets Lease	12,100,371	13,776,935	12,628,858*
Total existing annual caps	12,373,685	14,141,354	14,141,354

\* This amount is extracted from the Company's management account up to 30 November 2021. Based on the management assessment on the utilization of the existing annual cap, it is expected that the existing annual cap of RMB14,141,354 for the transactions contemplated under the Existing Tenancy Agreement and the Existing Assets Lease Agreement, will not be exceeded for the year ending 31 December 2021.

Base on the annual amount under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement on an aggregate basis, the Annual Caps for each year of 2022, 2023 and 2024 are as follows:

	(RMB)
Total rental	31,784
Total management fee	29,711
Total utilities fee	29,832
Total amount under the Renewal Tenancy Agreement	91,327
Total amount under the Renewal Assets Lease Agreement	13,685,608
Total amount under the Renewal Tenancy Agreement and the Renewal Assets Lease	13,776,935
Annual Caps (each an “Annual Cap”)	14,500,000

As at the date of this announcement, Mr. Gao Wenbao (“Mr. Gao”), an executive Director, holds 1,860,700 A shares of BOE, Mr. Su Ning (“Mr. Su”), an executive Director, holds 150,000 A shares of BOE, Mr. Shao Xibin (“Mr. Shao”), a non-executive Director, holds 787,600 A shares of BOE, Mr. Jin Hao (“Mr. Jin”), a non-executive Director, holds 628,800 A shares of BOE, and Ms. Zhang Shujun (“Ms. Zhang”), a non-executive Director, holds 153,700 A shares of BOE. In addition, Mr. Gao is the executive director, a member of the executive committee and the executive vice president of BOE, and the chief executive officer of Display Business Group of BOE. Mr. Su is a general manager of the application business department of Beijing BOE Display Technology Co., Ltd. (a subsidiary of BOE). Mr. Su has concurrently served as a general manager of the automotive SBU of BOE and a vice president of BOE. Mr. Shao is the chief new product officer of Display Business Group of BOE. Mr. Jin is a head of the production and sales management centre of Display Business Group of BOE and Display Device of BOE. Ms. Zhang is a vice head of financial operation management of Display Business Group of BOE and a financial controller of Nanjing CEC Panda FPD Technology Co., Ltd., a subsidiary of BOE.

Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Ms. Zhang present at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting to approve the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement, and the Annual Caps of the aggregate annual amount therein for the year of 2022, 2023 and 2024. 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 Renewal Tenancy Agreement and the Renewal Assets Lease Agreement.

## **LISTING RULES IMPLICATIONS**

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company, holding approximately 54.34% 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 contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are required to be aggregated. Based on the annual amount under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement and the related taxes (which include an additional buffer of approximately 5%) on an aggregate basis, the Annual Caps for each year of 2022, 2023 and 2024 are RMB14,500,000. As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement on an aggregate basis are more than 0.1% but less than 5%, the transactions contemplated under the Renewal Tenancy Agreement and the Renewal Assets Lease Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A 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 and TP display 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, a company whose shares are listed on the Shenzhen Stock Exchange (stock code 000725 for its A shares and stock code 200725 for its B shares), is a supplier of semiconductor display technologies, products and services and its products are widely used in a broad spectrum of applications such as mobile phones, tablets, notebooks, monitors, televisions, vehicle displays and digital information displays. BOE is one of the major suppliers of TFT displays in the global market. BOE also has production lines for manufacturing TFT modules mainly for consumer products like phones, tablets, notebook computers, monitors, televisions, vehicle displays and digital information displays. The Group is the sole platform of automotive display module and system business within the BOE Group.

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:

- “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, which is a wholly-owned subsidiary of BOE
- “BOE Group” : BOE and its subsidiaries (excluding the Group for the purpose of this announcement)
- “Chengdu BOE” : Chengdu BOE Optoelectronics Technology Co., Ltd., a company

established in Chengdu with limited liability, which is a wholly-owned subsidiary of BOE

- “Chengdu Vx” : Varitronix (Chengdu) Display Technology Co. Ltd. (formerly known as Chengdu BOE Vehicle Display Technology Co., Ltd.), a company incorporated in Chengdu with limited liability, which is a wholly-owned subsidiary of the Company
- “Company” : BOE Varitronix Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the Shares 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
- “Director(s)” : director(s) of the Company
- “Existing 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
- “Existing Tenancy Agreement” : a tenancy agreement dated 14 February 2019 entered into between Chengdu BOE as the landlord and Chengdu Vx as the tenant in respect of lease of the Premises II
- “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, the details of which are set out in the subsection headed “The Lease Assets”

“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	: the People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Premises I”	: Part of 3/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC
“Premises II”	: Part of 4/F., Building #1, No.1188 Cooperation Rd., Hi-tech Zone (west area), Chengdu, the PRC
“Renewal Assets Lease Agreement”	: the assets lease agreement dated 30 December 2021 entered into between Chengdu Vx as the lessor and Chengdu BOE as the lessee for the leasing of the Lease Assets to Chengdu BOE
“Renewal Tenancy Agreement”	: a tenancy agreement dated 30 December 2021 entered into between Chengdu BOE as the landlord and Chengdu Vx as the tenant in respect of lease of the Premises II
“RMB”	: Renminbi, the lawful currency of the PRC
“Share(s)”	: the ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	: the holders of the Share(s)
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	: has the same meaning as ascribed to it under the Listing Rules
“TFT”	: thin film transistor

“TP” : touch panel

“%” : per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.23 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 30 December 2021

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